

293071

JPRS 84186

24 August 1983

Southeast Asia Report

No. 1329

19980908 118

DTIC QUALITY INSPECTED 3

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

5
143
A07

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

24 August 1983

SOUTHEAST ASIA REPORT

No. 1329

CONTENTS

AUSTRALIA

Hayden Names Disarmament Envoy, Lists Other Policy Goals (John Stanton; THE AUSTRALIAN, 8 Jul 83)	1
Call for Public Inquiry Into Defense Department Barred (THE WEST AUSTRALIAN, 6 Jul 83)	3
Cuts in Defense Budget Proposed But Not Yet Adopted (Michelle Grattan; THE AGE, 13 Jul 83)	4
Peacock Rejects Criticism of His Party Leadership (Jane Howard; THE WEEKEND AUSTRALIAN, 9-10 Jul 83) ...	5
New Centrist Faction in Queensland ALP Seeks Balance (Dennis Connors, Peter Morley; THE COURIER-MAIL, 8 Jul 83)	6
Balance of Payments Improves; Asian Investment Up (Ian Perkin; THE AUSTRALIAN, 14 Jul 83)	7
Government Imposes Cut in Ceilings for Foreign Students (Kate Legge; THE AGE, 6 Jul 83)	9
Briefs	
New Leader for Democrats	10
Aboriginal Stake in Seabed Mining	10
Perth Suburb Bombings	10
Low Wool Clip	11
Government Acts To Curb Oil Imports Through Higher Duties (Mike Steketee; THE SYDNEY MORNING HERALD, 14 Jul 83)	12

Protection of All of Barrier Reef Becomes Issue Anew (Various sources, various dates)	13
Expectations for Canberra Action, by Amanda Buckley Mapping Project AGE Editorial Plea	
Conservationists in Tasmania Target Another Dam (Amanda Buckley; THE SYDNEY MORNING HERALD, 7 Jul 83)	16
Briefs	
Environmental Focus on Antarctica	17
Rainforest Jobs Issue	17
Farmers' Antipollution Action	18
National Chemicals Control Plan	18

INDONESIA

Sibmas Decision 'No Cause for Regret': Deputy Minister (ASIAN DEFENCE JOURNAL, Jun 83)	19
Toward Joint Weapons Production in ASEAN (ASIAN DEFENCE JOURNAL, Apr 83)	20
Three Month Limit for Warships on Duty (ASIAN DEFENCE JOURNAL, May 83)	21
Plans for Medium Tanks Shelved (ASIAN DEFENCE JOURNAL, Apr 83)	22
Consolidation for Better Performance (ASIAN DEFENCE JOURNAL, Apr 83)	23
Briefs	
Hercules Tankers for Air Force	24
Atang Senjaya Base Acquires Major Status (ASIAN DEFENCE JOURNAL, Jun 83)	25
Nurtanio Receives First CT7 Flight Test Engine (ASIAN DEFENCE JOURNAL, Jun 83)	26
New Recoiless Rifle, Machine Gun for Army (ASIAN DEFENCE JOURNAL, Apr 83)	27
Work on LNG Plant Nearly Ready (BUSINESS TIMES, 20 Jul 83)	28
Briefs	
Radar Plane in Flight	29
Navy To Be Reorganized	29

KAMPUCHEA

PRK Army Evolution Described (Alan Dawson; BANGKOK POST, 30 Jun 83)	30
PRK Political Museum Described (Jacques Bekaert; BANGKOK POST, 7 Jul 83)	32

LAOS

Briefs CPT Kills LPDR Troops	34
---------------------------------------	----

MALAYSIA

Prime Minister's Interview on Various Subjects (BUSINESS TIMES, 16 Jul 83)	35
Burmese Foreign Minister To Visit 2 August (AFP, 29 Jul 83)	41
Peninsula's Industrial Output Up 14 Percent (BUSINESS TIMES, 12 Jul 83)	42
West Asia Seen as Lucrative Market for Malaysian Timber (BUSINESS TIMES, 14 Jul 83)	43
Look Global, SDP Urges Malaysians (Lee Foo San; BUSINESS TIMES, 18 Jul 83)	44
Trade With Singapore Up 7 Percent (BUSINESS TIMES, 22 Jul 83)	45
Bid by Rebel Group To Join Barisan Will Be Rejected (BUSINESS TIMES, 19 Jul 83)	46
Briefs Bernama News Agency	47

NEW ZEALAND

Social Credit Party on Economic Relations With Australia (THE PRESS, 21 Jul 83)	48
Editorial Accuses Soviets of Economic Sabotage (Editorial; THE EVENING POST, 18 Jul 83)	50
New Zealand To Benefit From Closer Economic Relations (THE EVENING POST, 16 Jul 83)	52

Labour Party Reportedly Leaning Toward USSR as Ally Over U.S. (THE PRESS, 18 Jul 83).....	54
Labour Party Spokesman Rejects Allegations of Alliance With USSR (THE PRESS, 19 Jul 83).....	56
Editorial Examines Links With Australia (Editorial; THE EVENING POST, 25 Jul 83)	57
Trade Deficit With Japan Narrows (THE NEW ZEALAND HERALD, 20 Jul 83)	58
Prime Minister Muldoon Says New Budget Will Assist Economy (THE PRESS, 14 Jul 83)	59
Soviets Aim To Break Research Ships Ban (THE NEW ZEALAND HERALD, 15 Jul 83)	60
Federation of Labor Cancels Job Action (THE NEW ZEALAND HERALD, 14 Jul 83)	61
Outlook From New Oil, Gas Finds Good (THE PRESS, 27 Jul 83).....	62
No Action Planned Over Soviet Refusal To Conduct Research Project (THE NEW ZEALAND HERALD, 23 Jul 83).....	63
Labor Explains Economic Policy (THE EVENING POST, 26 Jul 83)	64
Federation of Labor Will Focus on Wage Issues (THE PRESS, 14 Jul 83)	66
Jobless Total Rises (THE PRESS, 14 Jul 83)	67
Germans Unimpressed by Investment Climate (THE NEW ZEALAND HERALD, 16 Jul 83)	68
New Zealand Beef Exports Rise (Bruce Roscoe; THE PRESS, 23 Jul 83)	69
Australians Undercut Lamb Sales (THE NEW ZEALAND HERALD, 19 Jul 83)	70
Soviet Actions Endanger Deep Sea Fishing Industry (THE NEW ZEALAND HERALD, 16 Jul 83)	71
Soviet Trawlers Advised To Abide by Rules (THE NEW ZEALAND HERALD, 18 Jul 83)	72

PHILIPPINES

Colonel Killed in Ambush (BULLETIN TODAY, 28 Jul 83)	73
NEDA To Review 5-Year Development Plan (BULLETIN TODAY, 28 Jul 83)	74
Editorial Examines World Bank Intervention (BULLETIN TODAY, 28 Jul 83)	75
Prices Steady, Ongpin Reports (Willie Ng; BULLETIN TODAY, 27 Jul 83)	77
New Credit Plan Bared (BULLETIN TODAY, 27 Jul 83)	78
Cabinet Presents 1984 Budget (C. Valmorla; BULLETIN TODAY, 27 Jul 83)	79
Navy Sinks MNLF Boat (BULLETIN TODAY, 26 Jul 83)	81
Rural Banks Get Credit Support (PHILIPPINES DAILY EXPRESS, 29 Jul 83)	82
Religious Group Commended for Supporting Administration (Teodoro F. Valencia; PHILIPPINES DAILY EXPRESS, 29 Jul 83)	83
Three Priests Ordered Held (PHILIPPINES DAILY EXPRESS, 29 Jul 83)	84
Imports of Capital Goods Curbed (PHILIPPINES DAILY EXPRESS, 28 Jul 83)	85
Religious Sects Scored for Coddling Subversives (Miguel Genovea; PHILIPPINES DAILY EXPRESS, 28 Jul 83)	86
Commodity Prices To Rise (PHILIPPINES DAILY EXPRESS, 28 Jul 83)	88
Coconut Exports Posted Gains (PHILIPPINES DAILY EXPRESS, 26 Jul 83)	89
Priests Reportedly Training Rebel Cadres in South (Mel Parale; PHILIPPINES DAILY EXPRESS, 26 Jul 83) ...	90
Ruling Party Accused of Political Ruse (Jesus Bigornia; BULLETIN TODAY, 27 Jul 83)	91

THAILAND

Gas Plant Project Falls Behind Schedule (Soh Eng Lim; BUSINESS TIMES, 18 Jul 83)	92
PTN Defense Plans Noted (ASIAN DEFENCE JOURNAL, Jun 83)	93

VIETNAM

MILITARY AFFAIRS AND PUBLIC SECURITY

Military Unit Re-Educates Delinquent Youths (Le Hong Khe; QUAN DOI NHAN DAN, 15 Jun 83)	94
Chinese Infiltrator Apprehended (Pham Ngoc Toan; QUAN DOI NHAN DAN, 15 Jun 83)	97
Youth Disinterest in Political Studies Blamed on Dry Training (Hoang Viet; QUAN DOI NHAN DAN, 15 Jun 83)	99
Insignia of Army Branches Described (Chien Si Dieu Lenh; QUAN DOI NHAN DAN, 15 Jun 83) ...	101
Editorial on Training of Non-Commissioned Officers (Editorial; QUAN DOI NHAN DAN, 17 Jun 83)	104

PARTY ACTIVITIES AND GOVERNMENT

Hanoi Party Organizations Steadily Get New Members (NHAN DAN, 6 Jul 83)	106
--	-----

ECONOMIC PLANNING, TRADE AND FINANCE

Briefs Tax Collection	107
Workers' Inspection Teams Active in Hanoi (NHAN DAN, 4 Jul 83)	108
New Tax Systems Analyzed (Alan Dawson; BANGKOK POST, 20 Jul 83)	110

AGRICULTURE

Nam Bo Provinces Carry Out Land Adjustment (NHAN DAN, 4 Jul 83)	112
--	-----

Northern Border Provinces Report Stronger Cooperatives (QUAN DOI NHAN DAN, 16 Jun 83)	113
Binh Tri Thien, Quang Nam-Da Nang Report Agricultural Successes (NHAN DAN, 4 Jul 83)	115
Nam Bo Grows Summer-Autumn Rice in Most Planned Areas (NHAN DAN, 6 Jul 83)	117
Haiphong Area Completes Sixth Contracting-Out Season (Hoang Hien, Minh Son; NHAN DAN, 4 Jul 83)	119
Editorial Urges Boosting Export of Farm Products (Editorial; NHAN DAN, 8 Jul 83)	125
HEAVY INDUSTRY AND CONSTRUCTION	
Dam Construction Progresses Well, Satisfies Requirements (NHAN DAN, 6 Jul 83)	128
Production of Rubber Products Increased in Hanoi (Hong Phoi, Ngo Huu; QUAN DOI NHAN DAN, 16 Jun 83) ...	131
HEALTH, EDUCATION AND WELFARE	
Hanoi Professor Denounces American Defoliants (Teresa Mannix; BANGKOK POST, 3 Jul 83)	132

HAYDEN NAMES DISARMAMENT ENVOY, LISTS OTHER POLICY GOALS

Sydney THE AUSTRALIAN in English 8 Jul 83 p 1

[Article by John Stanton]

[Text]

Mr RICHARD Butler was appointed yesterday as Australia's first Ambassador for Disarmament.

His appointment is among a range of initiatives — from a nuclear-free zone in the South Pacific to peace studies in schools — announced by the Foreign Minister, Mr Hayden, yesterday.

Mr Butler, 41, a father of two and a former deputy high commissioner in Singapore, is in Paris as deputy permanent representative to the Organisation for Economic Co-operation and Development.

Mr Hayden said as well as representing Australia in international forums, particularly the Committee on Disarmament in Geneva, the ambassador would visit overseas governments aligned to domestic nuclear policies with a view to forming a multinational group to lobby for arms reduction.

He indicated Mr Butler would concentrate on some of the smaller European countries and perhaps on Canada.

Mr Butler, a former private secretary to Mr Gough Whitlam and formerly married to the Minister for Education, Senator Susan Ryan, said yesterday he had had 15 years' experience in the "tough and complex field of disarmament negotiations".

Speaking from Paris, he said: "In academic terms in particular, I've specialised in research into the non-proliferation of nuclear weapons.

"But apart from that, there's also a need to know the pretty

tough and complex business of disarmament negotiations. I've been involved in those over about 15 years now."

Mr Butler is a Bachelor of Economics of the University of Sydney and a Master of Economics of the Australian National University.

Mr Butler said he had participated in disarmament negotiations "going right back to the late 1960s, I was involved in Vienna, in negotiations on nuclear safeguards designed to verify attempts to stop the spread of nuclear weapons".

"Then more recently, last year and the year before, I was involved in a very substantial amount of work involved in planning for and taking part in the United Nations Second Special Session of disarmament. That was in fact the largest disarmament conference ever held," he said.

Mr Butler said it was going to be tough for any individual to try to stop the superpowers from their nuclear arms build-up.

"I don't think anyone should have any illusions how difficult that task is, on the other hand it's also true that one should have no illusions about how important the task is," he said.

Mr Hayden, delivering the Evatt Memorial Lecture at the University of Adelaide, said Australia should be a positive and forceful contributor to arms-limitation talks in international forums.

He said the Government intended to:

PUSH for a comprehensive

nuclear test ban treaty to halt "all nuclear tests by all nations in all environments".

PRESS at the next meeting of the South Pacific Forum in Canberra in August for the establishment of a nuclear-free zone in the South Pacific.

ATTEMPT to uphold and strengthen the Nuclear Non-Proliferation Treaty in the run-up to the 1985 conference to review that agreement.

PUSH for the formation of international agreements covering the use of outer space for defence purposes.

EXAMINE the 1972 Biological Weapons Convention with a view to forming tighter controls over the use of chemical weapons.

Mr Hayden said the Government was also looking at establishing an independent peace research body in conjunction with a tertiary institution.

"I will also be discussing with the Minister for Education and Youth Affairs (Senator Ryan) ways in which it might be practicable to introduce peace studies into schools and tertiary institutions," he said.

Poor US-Soviet relations threatened to push the superpowers toward a "dangerous degree of destabilisation", while unbridled technological developments could ultimately

result in a nuclear conflict," Mr Hayden said.

While conceding that a nuclear-free zone in the South Pacific would not guarantee a halt to French nuclear testing, Mr Hayden claimed it would be an important show of consensus among Pacific nations.

A comprehensive departmental review of the status of ALP uranium safeguards was nearing completion. Two draft volumes from the review would be available for Cabinet scrutiny soon.

A second review of international disarmament agreements which Australia had yet to sign or bring fully into effect was also nearly finished.

"Our objective is to be a full party to all important international efforts to achieve effective arms control and further the cause of peace," Mr Hayden said.

He said he would have important talks on ANZUS and the US bases in Australia while on a 10-day trip to the United States (he will leave next Friday).

He said he could be seeking some changes to the treaty, but said it would be unwise to canvass the nature of any proposals before speaking to the US authorities.

CSO: 4200/6019

CALL FOR PUBLIC INQUIRY INTO DEFENSE DEPARTMENT BARRED

Perth THE WEST AUSTRALIAN in English 6 Jul 83 p 33

[Text]

CANBERRA: The Minister for Defence, Mr Scholes, last night rejected calls for a public inquiry into the Defence Department.

Mr Scholes said that such an inquiry would probably be "the most dangerous and destructive thing that could be done for Australian defence."

He was replying to the Fleet Air Arm Officers' Association which earlier yesterday called for a public inquiry.

The association said that inter-service rivalry had resulted in the disbanding of the Navy's Fleet Air Arm.

The association's president, retired lieutenant commander Brian McKeon, said that the RAAF had been trying to destroy the FAA since its inception in the 1940s.

Wrong

He said that elements in the Defence Department had supplied misleading information to successive Federal governments and had caused the FAA to be disbanded.

The association said that the department misled the Federal Government about a replacement for the aircraft-carrier Melbourne.

It asserted that the RAN's position on the scrapping of the carrier and fixed-wing naval aircraft was not

properly presented to the Federal Government.

Mr Scholes said: "I wish that former serving officers would consider the totality of Australian defence occasionally instead of pushing individual barrows for one service."

Concern

"I'm very concerned at this type of inter-service rivalry, which includes suggestions that senior officers in the defence force do not have an objective point of view, are not concerned with Australia's defence and are dishonest."

He said he was rather troubled about the association's general approach to the matter.

It presumed that the only element of the defence force that should be considered first was the Navy.

"As for the assertion that navy information has been suppressed, I find it impossible to accept because the navy is represented on all committees of the Defence Department," he said.

CUTS IN DEFENSE BUDGET PROPOSED BUT NOT YET ADOPTED

Melbourne THE AGE in English 13 Jul 83 p 4

[Article by Michelle Grattan]

[Text]

CANBERRA. — The Federal Government's razor gang wants to cut about \$150 million off the forward estimates for defence in its effort to prune spending.

But the committee and the Defence Minister, Mr Scholes, last week failed to agree about the cuts and the matter was adjourned for further discussion later.

The defence 1983-84 estimates were about \$5200 million in the figures released for the April summit and are believed to have grown by about \$100 million or so since.

Even with the proposed cut, defence spending would still rise substantially from the \$4600 million last financial year.

The razor gang's problems with defence highlight its general difficulties in achieving cuts in the second review of Government spending it has done this year.

Defence is considered one of the "fatter" areas left, because it was untouched in May.

The Government will be forced to rely on tax rises and cuts to tax concessions to find the largest part of the \$1000-\$1500 million it

needs to reduce the forward estimates to the \$8500 million target. It has to find even greater room if it wants to implement more of its own program.

Yesterday, the Primary Industry Minister, Mr Kerin, moved to reassure farmers that there would not be a capital gains tax in the Budget.

Mr Kerin said that speculation about a new capital gains tax was misplaced.

"I don't think there will be such a tax. I've attended no meeting of the party at Government level where it has been discussed," he said.

On Monday, the chairman of the NSW Livestock and Grain Producers Association, Mr Harold Balcomb, said at the association's annual meeting in Sydney that there was "continuing speculation from junior Ministers" about the introduction of various forms of capital taxation.

CSO: 4200/6019

PEACOCK REJECTS CRITICISM OF HIS PARTY LEADERSHIP

Sydney THE WEEKEND AUSTRALIAN in English 9-10 Jul 83 p 2

[Article by Jane Howard]

[Text]

THE Leader of the Federal Opposition, Mr Peacock, returned from his overseas trip yesterday and dismissed criticism of his leadership and of his party's performance.

He said there was no lack of unity or effectiveness in the Opposition, and the results of the Wannon and Bruce by-elections in Victoria were an endorsement of his leadership style.

"I don't propose to change my style. Australians are fed up with Opposition leaders saying that everything the Government does is wrong," he said.

"But we will criticise the Government strongly when it is wrong."

Mr Peacock was responding to claims by Mr Bruce Goodluck (Lib, Tas), who said that the Opposition had not been potent enough and that the attitude of the party's executive was to sit back and allow the Government to make mistakes.

Mr Goodluck said he hoped Mr Peacock would be better able to

co-ordinate the party's performance in future and that a more aggressive approach would be adopted.

Mr Peacock returned to this country after a round of intensive, top-level meetings in London and Washington. He spoke at the inaugural meeting of the International Democratic Union, an alliance of conservative parties, along with the British Prime Minister, Mrs Thatcher, the US Vice-President, Mr Bush, and the West German Chancellor, Dr Kohl.

Mr Peacock was also involved in talks with senior Reagan administration officials in Washington.

Yesterday Mr Peacock said he would not speak to Mr Goodluck about the comments made during his three-week absence.

"My view is the same as the rest of the party," Mr Peacock said. "I have great respect for Bruce; he is a good friend of mine. But he takes the view that you should criticise the Government every day of the week. That's not my view; you have got to be constructive."

CSO: 4200/6019

NEW CENTRIST FACTION IN QUEENSLAND ALP SEEKS BALANCE

Brisbane THE COURIER-MAIL in English 8 Jul 83 p 1

[Article by Dennis Connors and Peter Morley]

[Text] A NEW faction known as the Centre Majority Group has been formed within the Queensland branch of the Australian Labor Party in a bid to keep the organisation on a moderate path.

The move merges the Centre Left and Australian Workers Union — which until Wednesday night's decision represented two of the four factions in the administrative wing.

Other unions, including the Shop Assistants, Liquor Trades and a number from the railways, have also aligned. Negotiations are under way to coax the old guard-traditionalist faction to join.

Even if this cannot be achieved, the Centre Majority expects to have the numbers to out-manoeuvre the Socialist Left faction and prevent policy decisions that the moderates consider could affect the party's political chances in Queensland.

While the moderates now

control the party, the various groups have not acted cohesively in the past — with some unexpected voting patterns appearing in the party's executive body, the administrative committee.

Promoters of the Centre Majority expect to overcome this by having the numbers at the next state conference, ensuring that nothing the organisation does can embarrass the political wing.

Among the key Centre Majority backers are the Foreign Minister, Mr Hayden, the state president, Dr Murphy, the secretary, Mr Beattie, the AWU secretary and party senior vice-president, Mr Errol Hodder, and state and federal politicians.

The State Opposition Leader, Mr Wright, has had informal talks with the group and is sympathetic but does not consider that he should align himself with any faction.

Negotiations on formation of

the group began more than six months ago.

More than 90 people attended Wednesday night's meeting which unanimously decided to set up the Centre Majority, which some supporters have termed the "super committee."

A spokesman said last night: "This move was imposed on us by the extremes of the Socialist Left and old guard. These factions have a lengthy disaster record in the ALP and in recent times have been ganging together on the administrative committee and state council."

He said the Centre Majority would make practical policies which Queenslanders could understand — "bread-and-butter initiatives which the party has been neglecting for a long time."

"We will be promoting policies that people can relate to — job-creation and similar matters rather than philosophical policies," he said.

CSO: 4200/6019

BALANCE OF PAYMENTS IMPROVES; ASIAN INVESTMENT UP

Sydney THE AUSTRALIAN in English 14 Jul 83 p 1

[Article by Ian Perkin]

[Text]

IMPROVED balance of payments figures, issued yesterday 24 hours after the encouraging Organisation for Economic Co-operation and Development report on Australia's future, confirm that the nation is set for an economic take-off to rival that of the much-maligned resources boom.

The provisos are that it can keep wages under control and rein in its double-digit inflation rate.

The latest balance of payments statistics for the 1982-83 financial year were delayed a day so they would not clash with the issuing of the OECD report.

Together, they provide a picture of the local economy recovering gradually in the first six months of this financial year and improving greatly in the second six months.

The balance of payments figures showed a third successive large annual surplus in 1982-83 — \$2431 million, up \$1077 million on 1981-82.

More importantly, the current account deficit (the country's deficit in trade, freight and insurance with the rest of the world) of \$6460 million is down \$2492 million on 1981-82.

This is largely a result of the improvement in the country's balance of trade: an easing of imports and an improvement in export receipts.

Provided the OECD is right and the world economy is now

emerging from recession, the Australian economy, both domestically and externally, is in a prime position to take advantage of the improvement.

In its report issued on Tuesday, the OECD said the Australian economy could grow by 4 per cent over 1982-84 and inflation could drop to about 6 per cent.

But unemployment would remain high, reaching a peak of close to 11.25 per cent towards the end of this financial year.

The OECD expects real growth in the Western world as a whole to increase by 2 per cent this year and 3.25 per cent next year, with the major growth coming in the United States and Japan.

The \$6460 million current account deficit in 1982-83 was more than covered by the continuing strong capital inflow of \$8891 million.

This was down \$1415 million on the previous year's record of \$10,306 million, but was a strong performance given the interruption to inflow caused by the election uncertainty in March.

Total exports for the year were \$20,856 million and imports \$21,576 million, giving a balance of trade deficit of just \$720 million compared with the previous year's huge \$3285 million.

The better trade performance and the strong capital inflow has meant that Australia's overseas reserves are now at the very healthy level of \$10,748 million, accord-

ing to figures from the Reserve Bank.

The 9 per cent increase in exports for the year was despite a 5 per cent fall in exports from the rural sector.

But this was more than overcome by increases in meat and non-rural exports, which improved by 20 per cent.

The 4 per cent fall in imports was mainly due to a fall in machinery imports (as a result of the decline of the resources boom demands for capital equipment).

The improvement throughout the year was despite an over-all deficit in the balance of payments of \$193 million in June.

There was a current account deficit for the month of \$651 million, due principally to a move from a surplus to a deficit on the trade account and a rise in the cost of invisibles (insurance and freight).

But there was also an improvement in capital inflow to \$458 million for the month, an increase of \$228 million on the May level.

Asians pour in a record \$1000m for March quarter

ASIAN investors poured more than \$1000 million into investments in Australia in the three months to March, a record level of investment from the country's nearest neighbors.

The big increase was helped along by a record inflow from Hong Kong of \$417 million for the quarter.

This compares with an inflow from the British colony of \$76 million in the December quarter and \$146 million in the September quarter of last year.

It is also well up on the \$259 million which flowed in from Hong Kong in the full 1981-82 financial year, the \$135 million in 1980-81 and the \$68 million in 1979-80.

The big inflow from Hong Kong and the remainder of the Asian region was achieved despite some antipathy by both the Fraser and Hawke governments to increased Asian investment, particularly in property.

It reflects the uncertainty in the region, including the prospect of Hong Kong reverting to Chinese sovereignty after 1997.

It also reflects the attractiveness of Australian interest rates compared to those overseas.

Figures issued by the Bureau of Statistics in Canberra yesterday showed that the Association of South-East Asian Nations members were the biggest investors in Australia

in the three months to the end of March.

These five nations -- Singapore, the Philippines, Thailand, Indonesia and Malaysia -- invested \$537 million in this country in the March quarter.

They were followed by the United States, with investment of \$473 million for the quarter, then Hong Kong with \$417 million and the United Kingdom with \$311 million.

Total foreign investment in Australia in the March quarter was \$2267 million, down 15 per cent on the December quarter inflow of \$2652 million, but 5 per cent up on last March's inflow of \$2163 million.

GOVERNMENT IMPOSES CUT IN CEILINGS FOR FOREIGN STUDENTS

Melbourne THE AGE in English 6 Jul 83 p 5

[Article by Kate Legge]

[Text]

CANBERRA. — The Federal Government yesterday announced a review of the overseas student program and cuts in the number of new students entering Australia next year.

As the first step in a reorganisation of the program the Government has limited the number of foreign students entering Australia next year to 3500, more than 500 down on the previous year's intake.

The 1984 intake will be 2000 secondary students and 1500 tertiary students. This year the Government admitted 2500 secondary students, and about 2000 new tertiary students.

The number of tertiary students entering Australian universities and colleges next year will be increased by an additional 2500 overseas secondary students now studying here, and expected to enter tertiary institutions in 1984.

This means that 4000 private overseas students will be allowed to begin tertiary studies in 1984. Although this represents an increase of 400

over the number of tertiary places available in 1983, the cuts affecting secondary students will reduce the tertiary intake of foreign students in the long term.

The decision to clamp down on places for overseas students follows pressure from several Australian universities seeking to reverse the trend of free and easy access to the Australian education system.

In April this year the university of New South Wales considered a confidential report which showed that the influx of overseas students was preventing local students from enrolling in their preferred courses.

The report claimed that in 1982, overseas students enrolled in first year courses formed nearly half of the student body. It argued that the trend accelerated this year.

In June 1982 there were 10,000 foreign students enrolled in tertiary institutions with a higher proportion of Malaysian students than any other nationality.

CSO: 4200/6020

BRIEFS

NEW LEADER FOR DEMOCRATS--MELBOURNE--Former senator John Siddons took office yesterday as national president of the Australian Democrats. He told the Democrats' national executive meeting in Melbourne that he was delighted to return to the job after five years. Mr Siddons helped found the Democrats and was one of those who persuaded Don Chipp to join the party. In his first statement as Democrat president, Mr Siddons said he was disgusted that many of Labor's election promises had been broken or postponed. "It seems that politicians can say anything they like during a campaign and only suffer political consequences," he said. "That's not good enough." In particular he attacked the Government's failure to keep its campaign promises to the young unemployed. He praised the community-employment programme which had passed the Parliament but expressed dismay that the craft scheme had not yet been revamped and that a private-sector assistance scheme had not yet been organised. [Perth THE WEST AUSTRALIAN in English 4 Jul 83 p 30]

ABORIGINAL STAKE IN SEABED MINING--MELBOURNE--Australian Aborigines may have a stake in the profits of deep seabed mining under the new United Nations convention on the Law of the Sea, an international law expert said yesterday. Monash University's senior lecturer in law, Mr Harry Reicher, urged Aborigines to monitor the establishment of the International Seabed Authority carefully. He said Aborigines should seek recognition before the ISB as "a group which may benefit from activities within the board's jurisdiction". He made the suggestion in the latest edition of the university's monthly newsletter, Monash Reporter. The section raising "interesting possibilities" for Aborigines dealt with recovery of mineral resources from depths which only recently had come within the reach of technology. Mr Reicher said manganese nodules existing in large quantities was the resource causing great interest. [Brisbane THE COURIER-MAIL in English 8 Jul 83 p 3]

PERTH SUBURB BOMBINGS--DETECTIVES are investigating three explosions in Perth suburbs early yesterday. The first explosion demolished a domestic mail box in Belmont Avenue, Belmont, at 1.45am. The second explosion, about 3am, damaged an Australia Post mail box in Oates Street, near Bishopsgate Street, Carlisle. Letters in the box were damaged. The third blast was the most destructive. It blew apart a telephone booth in Talbot Street, Como about 4.15am, scattering the remains of the booth through shop windows on the opposite side of the road. No one was injured by the blasts. The attacks follow a blast in a telephone booth in Havelock Street, West Perth, a month

ago. The Perth CIB would not say yesterday whether they believed the incidents were connected. Neither would they say what caused yesterday's explosions. [Perth THE WEST AUSTRALIAN in English 11 Jul 83 p 2]

LOW WOOL CLIP--THE Australian wool clip will fall to its lowest level for 25 years this season, a result of the drought, and another indication that wool prices will improve in 1983-84, wool industry organisations said last night. The chief economist of the Australian Wool Corporation, Dr Bob Richardson, said wool was now a sounder economic proposition than other rural commodities. "That we have come to the end of a recession with the wool stockpile under one million bales, combined with low production, means a tight supply situation and augers well for wool growers," he said. Wool production is expected to decline 4.1 per cent to 672 million kilograms in 1983-84, continuing the fall of the past two seasons, the Australian Wool Production Forecasting Committee said. He believed wool prices would be mainly influenced by exchange rate movements and the extent of economic recovery in Eastern Europe and Japan. He expected the national sheep flock of 134 million head and wool production to start rising 12 months after the end of the drought. [Nigel Austin]
[Excerpts] [Sydney THE AUSTRALIAN in English 14 Jul 83 p 2]

CSO: 4200/6020

GOVERNMENT ACTS TO CURB OIL IMPORTS THROUGH HIGHER DUTIES

Sydney THE SYDNEY MORNING HERALD in English 14 Jul 83 p 3

[Article by Mike Steketee]

[Text]

CANBERRA. — The Federal Government has told the oil industry to cut its purchases of imported oil, even though it is cheaper than the domestic product, or face an import duty of \$3 a barrel from August 1.

The Minister for Resources and Energy, Senator Walsh told a meeting of producers and refiners yesterday that the Government needed the money that would be raised through the crude oil levy on the extra domestic production.

Additional domestic output of 30,000 barrels a day — about the amount the Government hopes will flow from its initiative — would put an extra \$345 million into the Commonwealth's coffers in 1983-84.

In circumstances where the Government is struggling to reach its Budget deficit target of \$8.5 billion, this would be a very useful contribution.

But it could come at the cost of somewhat higher prices at the retail end, since more expensive domestic crude would be substituted for imported oil.

The oil industry is unhappy about Senator Walsh's interference but they agreed to hold meetings

to try to reach agreement on voluntary restrictions and report back to the Government in a week.

The total demand for crude in Australia is between 560,000 and 575,000 barrels a day.

In the first five months of the year, imports have risen from the normal level of between 125,000 to 140,000 barrels a day to 165,000 barrels.

According to the Government, the main reason is the world oil surplus, which means the international spot price of crude is cheaper than the domestic import parity level of \$36.53 a barrel.

Officials said this situation was likely to continue for several years.

While both Esso and BHP are worried about the effect on the demand for their oil, the Government is concerned about a fall in a very lucrative source of revenue, worth more than \$3 billion a year.

Senator Walsh told yesterday's meeting the Government was extremely concerned about the situation and would not allow it to continue.

He said that unless the industry could find a solution itself, the Government would impose the import duty from August 1, thus wiping out the price differential between imported and crude oil.

CSO: 4200/6019

PROTECTION OF ALL OF BARRIER REEF BECOMES ISSUE ANEW

Expectations for Canberra Action

Sydney THE SYDNEY MORNING HERALD in English 7 Jul 83 p 11

[Article by Amanda Buckley]

[Text]

CANBERRA. — The Federal Government is expected to proclaim soon 80 per cent of the Great Barrier Reef as a national marine park, with the remaining part of the Reef to be proclaimed by the end of the year.

At present only 14 per cent of the 348,700 square kilometre Reef has been declared a marine park. The Capricornia section near Gladstone was proclaimed in October, 1981, the Cairns section in November, 1981, and the Cormorant Pass section at the far north of the Reef also in October, 1981.

The declaration of a section of the Reef as a marine park means that no drilling or mining can be carried out in the area.

The Minister for Home Affairs and the Environment, Mr Cohen, said recently in Parliament that he had received reports from the Great Barrier Reef Marine Park Authority dealing with the declaration of the majority of the Reef as a marine park. He said he would decide within weeks what action to take on the reports.

The Labor Party platform states that a Labor Government would "declare immediately the entire Great Barrier Reef region as designated by the Great Barrier Reef Marine Park Act, as marine park to the low water mark and extend the present region covered by the Act north to the border with Papua New Guinea and also declare this additional area as marine park."

A spokesman for the marine park

authority said yesterday that after the Government had acted to make 80 per cent of the Reef a marine park, the Government would call for reports on the remaining inshore section, to be received no later than September, with action taken to declare these areas probably by the end of the year.

At a meeting of the Great Barrier Reef Ministerial Council in Townsville on June 3, Mr Cohen and the Queensland Premier, Mr Bjelke-Petersen, agreed that the next stage of the marine park should include the far north, the offshore central and offshore southern areas of the Reef.

The Australian Conservation Foundation wants the Government to ensure that the Reef is declared a marine park to the low water mark all along the coastline.

Of the already proclaimed area of the Reef, 70 per cent is proclaimed to a five-kilometre offshore line along the western border.

Only 30 per cent of the marine park area extends to the low water mark.

The Fraser Government gave way to the Queensland Government on the western border issue in 1981. Although the High Court had ruled in 1975 that the Commonwealth had control of the territorial seas up to the low water mark, the Fraser Government in 1980 gave the States title to waters up to 5km off their shoreline, although retaining the right to administer the Great Barrier Reef.

Mapping Project

Brisbane THE COURIER-MAIL in English 13 Jul 83 p 9

[Text]

A LARGE ill-defined area of the Great Barrier Reef off Townsville is to be mapped.

The Environment Minister, Mr Hewitt, said yesterday mapping of 75 reefs covering an estimated 1600 sq km of ocean would begin next month.

Mapping would also recommence in the Cairns-Cormorant Pass sections of the reef on the eastern edge of Cape York.

Mr Hewitt said 60 coral cays and reefs from north of Cooktown and south to Tully would be mapped at an estimated cost of \$770,000 during the next three years.

AGE Editorial Plea

Melbourne THE AGE in English 12 Jul 83 p 13

[Text]

IN the dying days of the Whitlam Government, Federal Parliament voted to have the entire Great Barrier Reef region declared a marine park. At last it seemed that this great natural, and national, asset would have the protection that it deserved. Since then, however, progress towards that goal has been pitifully slow. When Labor took over in March, promising among other things that the reef would be declared a national marine park immediately, only 14 per cent of the total area had been placed under formal protection. This is despite the fact that in the meantime, like the wilderness area of south-west Tasmania, the reef had been deemed part of the world heritage by the UNESCO world heritage committee.

Under the new Government, the rate of progress has accelerated. The Government is expected to proclaim 80 per cent of the reef area as a marine park in a month or two, and the remaining 20 per cent by the end of the year. Even the Queensland Premier, Mr Bjelke-Petersen, who was the major stumbling block in the past, is now saying that the park should be declared in toto and not in gradual stages. It would be a mistake to think, though, that Mr Bjelke-Petersen has mellowed with the years. For he is still insisting that the park boundaries should be set where he has always insisted they should be set — five kilometres offshore — and not at the low-water mark as conservationists have demanded.

The Fraser Government originally argued for the low-water boundary, too. But in 1981 it bowed to pressure and gave the Queensland Government title to the waters up to five kilometres off the shoreline (while retaining the right to administer the reef itself). It was an act of surrender which the Hawke Government must not repeat. In its discussions with the Queensland Government it must insist that, in accordance with a 1975 High Court ruling, Commonwealth jurisdiction in the marine park area should extend right to the Queensland coastline. Not to insist on this is to make nonsense of the notion of protection. The reef would still be at risk, not only from oil tankers passing between the reef islands and the coast but also from mining operations and from ecologically destructive shoreline developments.

The recent High Court judgment in respect of the Gordon-below-Franklin dam has strengthened the Federal Government's hand in matters such as the Great Barrier Reef covered by international treaties or covenants. This being so, the Hawke Government should remain firm in its insistence that the national marine park should extend from the Queensland coastline. Only in this way can Australians be assured that the reef — a priceless national and international asset — is preserved intact for present and future generations.

CSO: 5000/7599

CONSERVATIONISTS IN TASMANIA TARGET ANOTHER DAM

Sydney THE SYDNEY MORNING HERALD in English 7 Jul 83 p 11

[Article by Amanda Buckley]

[Text] CANBERRA. — Conservation groups have targeted a proposed dam in central Tasmania's Henty-Anthony region for a renewed campaign to save the State's wilderness areas.

After last week's High Court decision which prevents the building of the Gordon-below-Franklin dam in the State's south-west, the Tasmanian Government indicated it would proceed with the Henty-Anthony hydro-electric project, which is outside the present World Heritage declared areas.

The State Government had decided in principle early this year that the Henty-Anthony project should be speeded up to come into the State's power grid before 1988.

The dam, with a capacity of 45 megawatts, will be much smaller than the Franklin project, which was expected to have a capacity of 180 megawatts. A spokesman for the Tasmanian Premier, Mr Gray, said yesterday the dam was needed to cope with the extra domestic and small business power needs which are now provided by an expensive coal-powered station at Bell Bay.

However, the Australian Con-

servation Foundation asked the Federal Government in March to expand the boundaries of the present World Heritage areas to include the Henty-Anthony region.

A foundation official, Mr Doug Hill, said yesterday the original boundaries of the World Heritage areas were deliberately drawn by the Tasmanian Government to exclude sites of some proposed dams.

Mr Hill said the foundation had written to the Minister for Home Affairs and Environment, Mr Cohen, in March asking him to redraw the boundaries to include four extra areas of national importance, including the region containing the Henty and Anthony Rivers, near Cradle Mountain National Park.

The foundation received a reply from the Minister yesterday saying the Government would not make a decision on the matter until the High Court ruled on the Gordon-below-Franklin dam.

Mr Hill said the foundation would contact Mr Cohen again to attempt to have the Henty-Anthony area declared under the World Heritage Act, preventing the Tasmanian Government from building the new dam.

The secretary of the Sydney branch of the Tasmanian Wilder-

ness Society, Mr Geoff Lambert, said the society would continue to fight "crazy hydro-industrialisation" which he said determined the Tasmanian Government's actions.

Mr Lambert said power consumption was dropping in Tasmania and there was no need for the Henty-Anthony dam to be built.

● Mr Hawke has agreed to meet a Tasmanian delegation in a bid to resolve wrangling over the amount of compensation for the scrapped Franklin Dam.

Mr Hawke, speaking on the ABC television on Tuesday night, said that neither he nor anyone else could say at present what the final amount would be.

He said there was to be a national meeting of representatives of the Tasmanian Wilderness Society from around Australia on July 15 to discuss the next stage in the fight to save endangered areas of Tasmania, and the Henty-Anthony dam would be a key issue.

A spokesman for Mr Gray said yesterday the Tasmanian Government did not expect to meet opposition from the Federal Government over the new dam, because the area was outside World Heritage boundaries.

CSO: 5000/7599

BRIEFS

ENVIRONMENTAL FOCUS ON ANTARCTICA--The destruction of Antarctica will replace the Franklin dam as the main concern of Australian conservationists, several leaders of the movement agreed yesterday. The High Court decision effectively stopping the dam has provided a great morale boost which will be kept alive by activity in other areas, the director of the Australian Conservation Foundation, Dr Geoff Mosley said. "The preservation of Antarctica is an issue really much more important than the dam, although it raises all the same issues. It is, if you like, the Franklin dam writ large," he said. The Antarctic Treaty countries would be meeting in Bonn next week to discuss mining in the region and conservation groups must push for preservation of the area, he said. Dr Mosley said the issue could gain as much support as the anti-dam movement because Australia and New Zealand were the closest countries to Antarctica and Australia claimed 40 per cent of the continent. The director of the Total Environment Centre, Mr Milo Dunphy, said distance and extreme weather had not stopped protests in the past. "People have stopped the clubbing of seals in northern Canada, and have stopped a hydro-electric project in the far north of Sweden in the middle of winter." He added that the mining of uranium remained a key issue now that the Franklin had been saved while Mr Murray Wilcox, president of the Australian Conservation Foundation said the protection of the nation's remaining rainforest remained a priority. [Richard Glover] [Text] [Sydney THE SYDNEY MORNING HERALD in English 7 Jul 83 p 11]

RAINFOREST JOBS ISSUE--CONSERVATIONISTS claimed yesterday they cared more about rain forest timberworkers' jobs than did the Queensland Government. They said Queensland's commercially logged virgin rain forests would be largely exhausted of easily available supplies of mature timbers by 1986, but the Government had made little or no attempt to plan alternative jobs for people who would be thrown out of work. The Rainforest Conservation Society president, Dr Aila Keto, said conservation groups had demonstrated their concern for the workers by commissioning Griffith University specialists to study alternative employment and timber supplies in north Queensland. The study, on which thousands of dollars had already been spent, was now held up by lack of funds. Dr Keto challenged the Premier to commission an independent inquiry to carry on with the study. "Mr Bjelke-Petersen yesterday tried to pull the wool over the public's eyes by claiming to have more concern for timberworkers and their jobs than we have. [Bill Ord] [Text] [Brisbane THE COURIER-MAIL in English 5 Jul 83 p 33]

FARMERS' ANTIPOLLUTION ACTION--FARMERS on the coastal plain are supporting the WA Government's campaign to reduce phosphorus pollution in the Peel Inlet and Harvey Estuary, according to the Minister for the Environment, Mr Davies. He said that 75 per cent of farmers with land on deep sands in the Harvey River catchment were now using a new slow-release superphosphate developed by CSBP. About 25 per cent of farmers on duplex sand over clay soils were also using the new fertiliser. Mr Davies said that fertilisers previously being used in these areas had been a major cause of algae growth in the estuaries. With the new slow-release superphosphate, the farmer did not have to treat his land as often because the phosphate built up in the soil instead of leaching away in winter rains. "Department of Agriculture officers now believe that it will be possible to halve the overall use of phosphorus in critical areas of the catchment, without loss of production," he said. [Perth THE WEST AUSTRALIAN in English 6 Jul 83 p 41]

NATIONAL CHEMICALS CONTROL PLAN--CANBERRA--Environment ministers from federal, state and territory governments have agreed on a new national scheme to help control hazardous chemicals in Australia. Agreement followed a meeting of the Australian Environment Council in Alice Springs on Wednesday. Under the scheme, manufacturers and importers of all new industrial chemicals and of specified chemicals already in use will be required to supply prescribed information on the chemical containers. The council decided that a national body would assess this information and determine the extent of potential hazards. The council said the scheme was expected to get underway by January 1985. [Brisbane THE COURIER-MAIL in English 8 Jul 83 p 3]

CSO: 5000/7500

SIBMAS DECISION 'NO CAUSE FOR REGRET': DEPUTY MINISTER

Kuala Lumpur ASIAN DEFENCE JOURNAL in English Jun 83 pp 10, 11

[Text]

The Army Cavalry Corps is expected to take delivery of the first six units of the *Sibmas* armoured fire support vehicles in June, following contracts signed in November, 1981.

A total of 162 *Sibmas* AFSVs have been ordered and another 24 *Sibmas* armoured vehicle recovery (AVR) units are included in the contracts worth about M\$211 million, the Deputy Defence Minister, Abang Abu Bakar Mustapha revealed recently.

The Deputy Minister's comments were made to clear speculation that the army had lost interest in the *Sibmas* contract and that military planners had questioned the effectiveness of the vehicles.

The six-wheeler AFSV is designed for various tasks and can play a supportive role to the *Scorpion* light tanks which have also been ordered; the AVRs are for recovery and hauling of damaged AFSVs, in the battlefield. The AFSV would have

a three-man crew and can carry nine infantry personnel.

According to the Deputy Defence Minister, the army has studied the personnel requirements for the three classes of armoured vehicles - the light tracked armoured vehicles, the armoured four-wheelers and the armoured six-wheelers. The British-made *Scorpion* was selected as the light tracked armoured vehicle, the *Condor*, (West German) as the four-wheeler and the Belgian *Sibmas* as the six-wheelers.

Commenting on certain criticisms about the *Sibmas* and the manufacturers, Abang Abu Bakar said that the armour of the *Sibmas* can take on small arms fire as well as that of artillery and mortar splinters. The firm BN Constructions Ferroviaires Metalliques S.A. has been manufacturing parts for other West German tanks and assembling armoured vehicles.

CSO: 4200/766

TOWARD JOINT WEAPONS PRODUCTION IN ASEAN

Kuala Lumpur ASIAN DEFENCE JOURNAL in English April 83 p 6

[Text]

Plans have gained momentum for closer cooperation towards joint production and purchase of weapons and military equipment among three of the ASEAN countries. Malaysia's Deputy Defence Minister, Abang Abu Bakar followed up on his earlier announcement with a trip to Singapore to explore areas of collaboration in the defence industry.

Late last year he visited Thailand, after which trip he said that the ASEAN partners should move in the direction of compatibility of weapons through joint manufacturing and purchases.

In Singapore recently he discussed with Defence Ministry officials on collaboration in the aeronautics and small arms industry. He said on his return to Kuala Lumpur that there was the possibility that the SAR 80 assault rifle now being produced in Singapore would be manufactured jointly between Malaysia and the Republic.

Malaysian Defence Ministry officials would be meeting their Singapore counterparts soon to discuss the manner of colla-

boration and joint production. He also observed a demonstration of the SAR 80 rifle during his visit. He said he was impressed with the performance of the weapon.

The Deputy Minister also noted that Malaysia was considering jointly producing certain weapons with Thailand.

One item which the Malaysian army has received from the Thai authorities is mine detectors made in Thailand. These were made available through the Regional Border Committee and initial tests by the Malaysian Army have proved good; further evaluation tests are being carried out, Abang Abu Bakar said.

Joint purchases being considered include certain equipment and aircraft like the *Hercules 130*.

But there have been problems concerning avionics - as each country preferred its own configuration or type of system. He said perhaps a standard avionics programme could be worked out among the purchasing countries.

CSO: 4200/766

THREE MONTH LIMIT FOR WARSHIPS ON DUTY

Kuala Lumpur ASIAN DEFENCE JOURNAL in English May 83 p 10

[Text]

The Indonesian Navy has adopted a new policy of limiting its warships to three months naval sea time per tour of duty, after which the vessels would be required to return to base. Armada Commander, Rear Admiral R. Kasendha said earlier this year that the warships must however remain on guard in Indonesian waters at all times, throughout the country.

The naval craft must be on the alert especially in areas 'sensitive' to foreign warships and vital to inter-island trade within the archipelago.

The three-month time limit is a new policy, whereas previously Indonesian warships often cruised for eight months to one year in a stretch. The shorter naval sea time, according to the Armada Commander, is for safeguarding the physical health of the crew and to avoid any possible ill-effects of staying too long at sea.

But it was also necessary to have as many warships at sea, as a show of

strength and authority against possible incursions of foreign warships and trawlers. Indonesian naval authorities had taken action against foreign trawlers who have been found guilty of poaching and violating territorial sovereignty.

Foreign trawlers especially Japanese and Taiwanese have often been caught poaching in the Arafuru Sea and Banda Sea. It was important to guard these areas, — the Straits of Malacca, Sunda and Karimata, as well as the South China Sea and Lombok Strait as these are vital sea-lanes for trade, security and defence.

To provide security in the north, the Indonesian Navy is concentrating activities at Tanjung Pinang and Manado. These regions are also being utilized as temporary bases for the naval craft.

Rear Admiral Kasendha was confident that based on the strength of the armada, the navy was capable of facing threats which may crop up during the next 10 years.

CSO: 4200/766

PLANS FOR MEDIUM TANKS SHELVED

Kuala Lumpur ASIAN DEFENCE JOURNAL in English April 83 p 7

[Text]

Plans by the armed forces to purchase medium tanks to equip the army's tank regiment being formed, have been shelved temporarily partly due to the government's current economy drive.

Defence Ministry sources said, though the tank regiment or cavalry would be formed, more time would be needed to evaluate the type of medium-weight tanks of which 100 units are required.

Originally, the planning of the tank regiment included medium and light tanks, armoured fire-support vehicles and APCs. But now the cavalry would have to do without the medium tanks for a few years, but the light tanks and armoured components are being acquired. Medium tanks may only make their appearance during the Fifth Malaysian Plan period.

British and French tank manufacturers had shown interest in selling medium tanks to Malaysia, but the army was interested in the West German Marder version made by the Thyssen-Henschell group; however, the deal did not materialise, because the Bonn government had decided to review military purchases from countries outside the NATO region, a couple of years ago.

After that deal fell through the plans for a medium tank from other sources were postponed. Without a medium tank range, the army's target of operating a full complement of the tank regiment in 1984 may be upset. On order however, are the light-weight Scorpions, Sibmas (armoured fire-support vehicles) and currently being delivered are the Condors (APCs).

CSO: 4200/766

CONSOLIDATION FOR BETTER PERFORMANCE

Kuala Lumpur ASIAN DEFENCE JOURNAL in English April 83 p 7

[Text]

The Malaysian Army is undergoing a phase of consolidation, geared towards upgrading quality in its personnel, combat capabilities and administration. It was also necessary to cut-back on recruitment and in essential items due to the current economy drive, the Chief of the Army, General Tan Sri Zain Hashim said recently.

He said that better trained and well disciplined personnel would be the criterion of the consolidation exercise.

Emphasis on quantity in the previous years when the army was expanding had brought about certain problems, including a decline in the quality of performance and discipline, the Army Chief said when he addressed a parade in Kuala Lumpur, marking the 50th anniversary of the Army.

He stressed there must be continuous training within the units in order to put the personnel in a state of preparedness as "we cannot guarantee what will happen tomorrow or when the enemy would make a move."

Touching on the history of the army, he said the Malay Regiment was the first unit established by the British 50 years ago. Its formation and gradual growth led to the withdrawal of the India Company Army, with Indian personnel earlier based in Malaya.

The Malay Regiment now makes up the major component of the army which has a total strength of about 99,000, including about 5,000 officers in the various corps.

BRIEFS

HERCULES TANKERS FOR AIR FORCE--Hercules tankers to be purchased by the Indonesian Air Force during the 1983-84 budget year will improve the effectiveness of air combat operations, the Indonesian Air Force Chief, Marshal Ashadi Cahyadi said at a hearing with Parliament recently. The operational capacity of combat aircraft such as the A4 Skyhawks will be considerably increased with the tankers, he said. Indonesia has extensive land area, but there are few ground bases which could be used by such aircraft. With the Hercules tanker aircraft available, efficiency will be stepped up and time and expenses could be saved, he told the hearing. The air force also plans to acquire Boeings for maritime patrols and these aircraft would be necessary for security surveillance of territorial waters. To bolster air defence, the air force will also purchase anti-aircraft guns and land-to-air missiles. [Kuala Lumpur ASIAN DEFENCE JOURNAL in English April 83 p 10]

CSO: 4200/766

ATANG SENJAYA BASE ACQUIRES MAJOR STATUS

Kuala Lumpur ASIAN DEFENCE JOURNAL in English June 83 p 7

[Text]

The Atang Senjaya Air Force base has been officially upgraded as a major Indonesian Air Force base (LANUMA) since last December. The upgrading of the air base status was due to the fact that Atang Senjaya has acquired a greater function, task and responsibility as a major support subsystem for air force flight operations.

According to the Air Chief Marshall Ashadi Tjahjadi the status of an air force base (LANU) can be raised to major air force base (LANUMA) after certain criteria are met; for example this can be done when the air force base becomes the 'home base' for a minimum of two squadrons or units or components of the air force of equivalent status.

In addition to being the headquarters of the Operational Wing, Atang Senjaya air base is also the home of Squadron 6, Squadron 7, and Training Squadron 503.

At the official ceremony of conversion of the air base to major status, the Air Chief Marshal also handed over 12 Hughes 500 helicopters to Squadron 7 of the Operations Wing 004 of the Air Combat Troop Command, which has its headquarters at Atang Senjaya as well. The 12 helicopters are the contribution of Pertamina, the state oil and gas corporation to the air force.

The Hughes 500-C helicopters are multi-purpose, light aircraft with turbo-shaft engines of 420 shaft horsepower.

CSO: 4200/765

NURTANIO RECEIVES FIRST CT7 FLIGHT TEST ENGINE

Kuala Lumpur ASIAN DEFENCE JOURNAL in English June 83 p 10

[Text] During an official ceremony recently in Djakarta, General Electric presented the first CT7 flight test engine for the Casa-Nurtanio 235 regional airliner-freighter aircraft. The CN-235 programme is jointly being developed by the Indonesian aircraft company, P.T. Nurtanio, and CASA of Spain. First flight of the 34 to 38 passenger regional airliner for freighter transport is scheduled for the third quarter of this year.

In his presentation to Nurtanio's President-Director Dr. B.J. Habibie, Mr. Brian H. Rowe, Senior Vice President and Group Executive of General Electric's Aircraft Engine Business Group, stated that the presentation of the CT7 flight test engine to P.T. Nurtanio marks a significant step in the development of the CN-235, a major contributor to the growth of the Indonesian aerospace industry.

Mr. Rowe expressed General Electric's

commitment to the support of the CN-235 programme. 'We consider the CN-235 a significant business opportunity for the 1980's and 1990's,' he said. He added that he is confident the airliner-freighter combination will capture a substantial share of the world's commuter and regional airline market.

Commenting on the features of the CT7 Turboprop, Mr. Rowe stated that the high power-to-weight ratio of the engine, as well as an outstanding fuel efficiency, would be major contributors to the success of the CN-235 programme. Other important considerations," he added, "have been the modular design and the simplified maintenance procedures." He added that the family background of the CT7 in both military and civil operation with substantial aircraft usage rate, has resulted in a proven and high reliability engine based on advanced technology.

CSO: 4200/765

NEW RECOILESS RIFLE, MACHINE GUN FOR ARMY

Kuala Lumpur ASIAN DEFENCE JOURNAL in English April 83 p 6

[Text]

The 106mm recoilless rifle from Spain and the 12.7 mm heavy machine gun from the United States are to be incorporated as part of the weapons upgrading programme of the Malaysian Army.

Both these weapons were found to be the most suitable for combat purposes following tests and evaluation by the army personnel, Defence Ministry sources said recently.

The Chief of Army, General Tan Sri Zain Hashim confirmed that a deal had been signed for the purchase of the 106 mm recoilless rifles, but he did not comment on the purchase of the heavy machine guns.

The recoilless rifle is man-portable or can be mounted on jeeps. Sources said along with the purchase of the rifles, jeeps from Korea would be purchased for the mounted combat role. The army prefers the 2600 cc version of the jeeps.

The recoilless rifle is mainly an anti-tank weapon but it may be used for other combat roles.

The contract offer attracted bids from firms in Taiwan, Belgium and Pakistan which presented similar recoilless rifles, but the evaluation team found that these were not as effective as the selected type. Several months of testing and evaluation were necessary before the right weapon was decided on.

It took a much longer period to evaluate the heavy machine gun from last year to early this year before army personnel were satisfied. Mainly for use against light armoured vehicles, the weapon may be useful in other combat situations.

WORK ON LNG PLANT NEARLY READY

Kuala Lumpur BUSINESS TIMES in English 20 Jul 83 p 20

[Text]

JAKARTA, July 19

WORK on the expansion of Indonesia's LNG plant at Bontang, East Kalimantan is expected to be completed soon, according to a spokesman for the Ministry of Mines and Energy.

The expansion project which is adding two more trains to the plant's existing two trains, has now reached an advanced stage.

The first shipment of LNG produced with the new capacity, might be made next month, he said.

The two additional trains would increase the plant's total production capacity by about 21,000 CBM a day or 3.2 million tonnes a year.

The present two-train capacity of the Bontang

plant is 7.5 million CBM a year, all for export to Japan.

The output of the two new trains would also be for shipment to Japan.

The expansion project is being handled by Bechtel, an American engineering company, as main contractor.

Apart from the two new trains the American company is also building support facilities such as LNG conservative tanks, power generators, cooling system, fire prevention installations and telecommunication systems.

Pertamina, the state-owned oil and gas company, is contributing to the project by building housing facilities and pipelines from the gas fields to the plant. — OANA-Antara.

CSO: 4200/767

BRIEFS

RADAR PLANE IN FLIGHT--Indonesian Air Force 737 equipped with side-looking radar system in fins on the upper rear fuselage is shown (picture) on test flight over the U.S. Northwest. The SLAMMR (Side-Looking Airborne Modular Multi-Mission Radar) is designed to provide surveillance of a nation's off-shore ocean regions, and can spot even small boats 100 miles on either side of the 737 from cruise altitude. The modified new 737-200, called the "surveiller," will be delivered in June. The Indonesian Air Force has purchased three of the airplanes. [Kuala Lumpur ASIAN DEFENCE JOURNAL in English June 83 p 7]

NAVY TO BE REORGANIZED--The Indonesian Navy's main base now at Surabaya, East Java may be transferred to the Ratai Gulf in the south of Sumatra in the next three or four years. The former defence minister and commander of the armed forces General Mohamed Yusuf, said recently that the project would cost in the region of three billion US dollars. He told a meeting of Navy top brass in Surabaya that the transfer project had been accorded top military priority, the Antara News Agency reported. The former minister also said the Navy will be reorganised into three main task forces - one in the west, one in the centre at the present Surabaya's facility and the third in the east. And a general reserve force will be put on standby to provide support. The Navy will be further strengthened with new submarines and other equipment to be purchased from abroad. Recent purchases include three Corvettes from the Netherlands, two from West Germany, six fast patrol ships from South Korea and one training ship from Yugoslavia and about 25 French Exocet missiles all newly supplied. [Kuala Lumpur ASIAN DEFENCE JOURNAL in English June 83 p 10]

CSO: 4200/765

PRK ARMY EVOLUTION DESCRIBED

Bangkok BANGKOK POST in English 30 Jun 83 p 4

[Article by Alan Dawson]

[Text]

THE fact that is most obvious and most overlooked about Kampuchea is that the fighting and the political disputes inside that country are once again being subjected to a process best described by that horrible word "Kampucheanisation."

The origin of the word is Richard Nixon, whose administration brought the term "Vietnamisation" and thus all of its antecedents into the English language for better or worse.

The meaning is what is important. What is happening is that for the third time in about 10 years, the Kampuchean conflict is being placed in the hands of Khmers, at a rate which the outside force involved believes is slow enough to maintain stability; fast enough to show marked progress.

The first two attempts were between 1970 and 1973. On one side, the Saigon regime and the United States helped build the Phnom Penh army and then pulled its own troops out of the war in Kampuchea. On the other side, the Vietnamese did much the same thing, leaving the fighting for the last two to three years of the war in the hands of the Khmer Rouge.

Ten years later, Hanoi is once again Kampucheanising the war. Its efforts, by most objective standards, appear far less successful than in the past. There is no doubt whatsoever that Hanoi feels it has made progress in building an army which will protect the Heng Samrin regime far into the future.

If there was Vietnamese doubt that the programme would ultimately succeed, Le Duan and Pham Van

Dong would not have pledged — as they did at the Indochina summit in Vientiane last February — to withdraw Vietnamese forces from Kampuchea annually. On the other hand, if Kampucheanisation had been a major success thus far, those troop withdrawals would have been far more public and far more exact.

On paper, a far different measuring stick than on the battlefield, the three-year-old campaign to build, arm, train, motivate and finally to send to the battlefield a Heng Samrin army has moved ahead steadily.

In reality, that army has done precious little fighting and has yet to cover itself with honours other than those presented each June 19 by Heng Samrin to mark what he claims is the anniversary of the founding of a communist army in his country in 1951.

On paper, the Heng Samrin army looks like this:

In the past three years and some months, it has grown from a small, basically volunteer, training brigade based in Phnom Penh to a force of three infantry divisions, one infantry brigade building to a division and a rear-area force which includes most traditional support units from radio operators to supply trucks. Most of it is made up of draftees.

During that time, the 1st Brigade has become the 196th Division. It has moved from Phnom Penh to an area near — but not at — the Thai frontier south of Poipet around the general Pailin area. Its troops have mutinied and one of its battalions was disbanded because of the revolt. Its original commander, Nhek Huon, has been replaced by Ham Kin, al-

most certainly because of the mutiny.

The 2nd Brigade, formed in 1981, has been based in southeastern Pursat province since mid-1982, and it is now called the 2nd Division. It, too, has changed commanders in the past 18 months, although whether Mean Samol was fired in favour of Mao Chhem (the current commander) is unknown.

The 3rd Brigade commanded by Prom Samen is now the 286th Division. It is based along the northern Kampuchean frontier — again, a little back from the “front lines” — in Siem Reap-Oddar Meanchey Province roughly opposite Thailand's Surin Province. It is, at the moment, the most highly decorated of all the Heng Samrin military units for whatever that means, having been cited for decoration in 1981, 1982 and again earlier this month.

There is evidence that units of the 286th Division actually had a hand in the fighting that overran the Sihanoukist positions at O Smach earlier this year and that for once the over-worked phrase “Vietnamese-led Heng Samrin troops” may have been accurate.

The 4th Brigade is still the 4th Brigade, although there appears no question that it is being turned into a division as well. The last available public information said that it was stationed in Kompong Cham Province. Because it is there, well away from most of the fighting in Kampuchea, most military intelligence sources believe that it is in training.

There is still a long way to go, however, before the Heng Samrin army is a full-fledged, independent military force capable of protecting the regime. While some back-up forces have been formed, for example,

it still lacks basic battlefield support systems such as artillery, to say nothing of an air force.

This, perhaps, is the most important reason that Vietnam has been unwilling to commit itself to a total military withdrawal at any time in the foreseeable future.

The Phnom Penh regime simply is unable to fight its own battles at this point, and seems unlikely to do so in the near future.

FOOTNOTE: Since the first tenuous beginnings of a military draft in 1980, more and more of the nation's youths have been impressed into the military.

Since 1981, a small and persistent flow of young male refugees have claimed asylum because they did not want to fight for the regime.

The swell of volunteers to fight the Khmer Rouge during the first year or so after the Vietnamese invasion appears to have dried up and military recruiters now operate down to village level filling draft quotas.

In addition to the main force infantry units named above, regime officials have also to fill provincial, district and village militia units and the rear service units such as the 80th Logistical Battalion, one of the units decorated earlier this month.

A great indication of Vietnam's important military role in Heng Samrin Kampuchea was the decoration of two Vietnamese task forces from north and central Vietnam — the Tay Nguyen and Huong Giang groups.

These task forces are two more multi-divisional groupings which work along the lines of the Ho Chi Minh City-based Cuu Long task force which was partially withdrawn in last month's publicised pull-out.

PRK POLITICAL MUSEUM DESCRIBED

Bangkok BANGKOK POST in English 7 Jul 83 p 4

[Article by Jacques Bekaert]

[Text]

NOT far from the gigantic, unfinished Cambodiana, which 15 years ago was intended to become the first "de luxe" hotel in the country, visitors and guests in Phnom Penh can visit a fascinating exhibition.

Don't go for aesthetic reasons. But it is worth spending a hour there to see how Heng Samrin's People's Republic of Kampuchea sees itself and its enemies.

On the ground floor are the basic testimonies to the revival of the Kampuchean economy. Impressive statistics tell you how many kilometres of road and bridges have been repaired or built; how many students are at present in Eastern Europe or Vietnam; how many children are at school (1.6 million, according to officials).

A vast map of the country gives the impression that Kampuchea today is full of hospitals. There are tyres and bottles of soft drinks, bicycles, cigarettes ("Liberation" and "7 Janvier" are the new brands, locally produced) and pineapple alcohol.

The most interesting section, though, is upstairs. It deals with security and politics. It tells you what the Heng Samrin regime thinks and sees of the other side, Sihanouk and Son Sann and the Khmer Rouge.

First comes a map with "CIA-operated camps." According to the map, they are well into Thai territory. There is one in the north, one in Nong Chan, another one in the south, near Trat. "But there is a CIA camp near Bangkok, one near Manila and many in China," says my guide. "And also many near the Thai-Chinese

border." I suddenly realise that I have lived all those years in Thailand without knowing we had a common border with China.

"This is the evidence that Nixon and Mao shook hands in 1972." The picture, indeed, leaves little doubt. The two men are seen clearly shaking hands. Another picture "shows that Mao congratulated Pol Pot and Ieng Sary for succeeding in their expansionist plan."

A photograph of Deng Xiaoping and Jimmy Carter "is the evidence that Deng discussed his aggression plans with Carter." Here is a copy of Ieng Sary's 1979 letter asking for US\$5 million from China (He got the money!). Even better is a picture of the PRK leadership. The face of one man has been scratched out. "Who is this?" I ask. "A traitor," says the guide. "Pen Sovan?" I inquire. "No, Ros Samay. He has been a traitor since the Fourth Congress in May 1981." "Where is he? What did he do?" I am curious.

Many observers have begun to wonder where Ros Samay was... Some thought he was at some seminar in Vietnam. But obviously no one can answer me. "We don't know. All we know is that he is a traitor."

Next comes the section dedicated to the resistance. First, the Khmer Rouge.

"They are divided in three groups: the army, the men involved in psychological warfare and the guerillas." Next to Khieu Samphan is a picture of Son Sann and Norodom Sihanouk. "Sihanouk loves power: that's why he joined the Khmer Rouge." I guess it would be bad taste to remind my guide that Heng Sam-

rin had been with the Khmer Rouge until May 1978 (and he was not under house arrest as was Sihanouk).

A big chart describes the Funcinpec (Sihanouk's party). On top: the Prince and In Tam. Funcinpec, according to the exhibition, is made up of five groups: Praloeng Khmer (Khmer Soul), Entry Khmao (Black Eagle), the "Nationalists," Moulinaka and The White Elephant with Blue Defence (Damrei Sar Phluk Khiev). In reality all those groups (with the exception of the "Nationalists") exist but they are of varying importance: the first two and the last one have never been more than small bands integrated now in the National Sihanoukist Army. On the other hand, there is not a word about Khleang Moeung or Odder Tus, two of the more important factions of the Sihanoukist movement.

Son Sann's Front receives no name. No mention is made of the Khmer People's National Liberation Front. Instead, you see the names Front Rithisen (Nong Samet), the Viper (?), the Big Monkey and the Front Mandarin "because Son Sann's father was a mandarin".

Great publicity is given to Hem Krishna, a nationalist arrested in Phnom Penh, who had formed a "government" in 1979. A People's Revolutionary Tribunal tried the group between June 5 and 7, 1980. Hem Krishna got 20 years.

Another map shows the "real structure" of Son Sann's Front. At the top is a picture of John Gunther Dean: "The chief of the CIA".

"He is the American ambassador in Thailand," I say. "No, he is the chief of the CIA and he controls Son Sann, Dien Del and Cheam Vam" (the later being one of the founding fathers of the KPNLF in 1979).

Other photographs show Khmer Rouge defectors and Moulinaka

prisoners and describe the many networks of Khmer Soul: "They have underground forces in Kampuchea." Their leaders are In Sothea, Oum Savi and Keo Boun Chan. They receive a lot of assistance from France. The contact is made at Khao I Dang, through Bangkok and later through Keo Boun Chan in Paris.

I ask for some information about that mysterious group called the "Nationalists," which is unknown to me. I am told: "The leader is Ou Savan, a former Lon Nol officer." The impression one gets from the visit is that the "rebels" are a lot more powerful than one had imagined. They seem to be everywhere. I am not sure this is the intention of the organisers...

I am always puzzled by the need of authoritarian regimes to change history. Or to doctor pictures. There are a few lovely examples in this exhibition, but the jobs are a bit crude. It makes Son Sann look like an old hippy, Cheam Vam like a retired boxer and Sihanouk (with extra hair) like an artist from Montmartre. You can find these pictures in the recently published booklet "La grande conspiration anti Kampuchéenne" (Phnom Penh, April 1983).

There is a picture of Dien Del, Cheam Vam and Son Sann being interviewed in a camp back in 1979. "The journalist is an American spy. We have the proof," my guide tells me. The caption says: "The Dien Del—Cheam Vam—Son Sann trio in Nong Chan Camp, in Thailand." I suppose the booklet had already been printed by the time Vietnamese troops attacked Nong Chan in January-February. To pretend that Nong Chan is in Thailand could be a bit embarrassing. So, the words "en Thaïlande" (the booklet is in French) have been scratched out. And Nong Chan is moved to Kampuchea...

BRIEFS

CPT KILLS LPDR TROOPS--BANGKOK, Wed.--More than 12 Laotian soldiers were killed and about the same number wounded or missing in a recent clash with Thai communist guerillas, military sources said today. They said the incident occurred inside Laotian territory bordering Thailand after Laos accused the guerillas in the area of rice plundering. The sources said the guerillas, operating on the border of Thailand's Uttaradit province, 535 km north of here, denied having robbed Laotian villagers and put up resistance. Laos expelled most members of the pro-Beijing Communist Party of Thailand in 1979 after conflicts between China and Vietnam flared into the open. [Singapore THE STRAITS TIMES in English 16 Jun 83 p 3]

CSO: 4200/748

PRIME MINISTER'S INTERVIEW ON VARIOUS SUBJECTS

Kuala Lumpur BUSINESS TIMES in English 16 jul 83 pp 7,8

[Text]

QUESTION: There is a worrisome trend in Umno of party members dividing into camps with each camp supporting different leaders. It is posing a serious threat to party solidarity. What is being done to overcome this problem?

Answer: I don't think the problem is as big as you make out. The Press, I think, begins to believe its own reports. We admit that there is a problem, but it is not insoluble. We believe that Umno is led by people who are quite reasonable. They would not want to split up the party. But of course sometimes they are carried away by the urging and exhortations of their own supporters. The supporters always like a good fight — like football (in which) shouting from the stands is more powerful than the game on the field. A lot of party members are quite active and I have warned them that whatever they do, they are not to disrupt or split up the party. I think that this hint is well taken. There are signs of a lessening of the rivalries.

Q: On the other hand, your hints have been taken to mean that it is all right to support one faction but not the other. What is your reaction?

A: Both are misinterpreting in their own ways because they want to ensure that they win in the end. Whatever I say they can interpret in whatever way they like. But the rank and file of Umno know what I mean.

Q: Do you think the ranks have been closed since the last party election?

A: The rivalry involved only a small section of the membership. To the rest, the contest was a question of choice and of the right to exercise their votes.

Q: Accepting that supporters always like a good fight, they would not be going around saying and doing the kind of things that they are doing without the support of their factional leaders. What is your view?

A: Well, it's very difficult to say who is pushing whom, whether the supporters are pushing the leaders or the leaders are pushing the supporters. But normally, the leaders, the normal ones, like to respond to their own supporters. That's why I gave my warnings to the lieutenants. These are the people who are more anxious than the

contestants. They see that if the generals go up, then they can go up too. Everybody wants his candidate to win so that he can sit under his shadow.

Q: Datuk, you made a very important statement just now by saying that wounds have almost healed for just everyone. What evidence do you have that this is so?

A: The healing is not totally complete. The feeling is still there but certainly the degree is less than before and I have my own sources of information apart from the Press of course. I believe that my assessment is quite correct.

Q: Certain principles of the Barisan are not followed by some component parties. For example, Berjaya during the last election put up independent candidates to contest against the Barisan nominees. Some of the independents won and were treated as independents in the Dewan Rakyat, yet we find they are heads of various arms of the party in Berjaya. Isn't this something odd?

A: Well, we will try our best of course, but we have no means of forcing the issue. The people of Sabah have got to decide for themselves if they really prefer the BN candidates. Should they not vote for the candidate, (the voters) make life very difficult for me. But obviously they do not want that particular BN candidate.

Q: How do you react to recent statements by Gerakan pertaining to something akin to the Malaysian Malaysia concept. This has been very frequent for the last month or so. On top of that, there have also been talk about Gerakan wanting to have some kind of merger with the MCA. How do you respond to these statements?

A: I see no harm in Malaysian unity. If Gerakan says so, they are in conformity with the general government stand. But of course if they decide to join with MCA, that is another thing. Which appears to show a degree of confusion. On one hand, they want to be Malaysian and on the other hand, they want to be Chinese Malaysian. They have to decide what is it that they want. We are all for Malaysian unity and it is in the context of Malaysian unity that we draw up our policies.

QUESTION: Is the government considering a further trimming of its expenditure and delaying the implementation of major development projects? There is a lot of talk that there will be a review of the Melaka refinery.

Answer: We are still studying the Melaka refinery. The major part of the expenditure for it will be required only in 1986. The initial expenditure is very small. Even so, we want to make sure that the initial expenditure is necessary. To date, we have not made any decision concerning the refinery but there is a possibility that we may delay the project.

Q: Is it possible that over the last few years there has been a disequilibrium in public sector expansion? And is it not necessary to reconsider the public sector element, which is underestimated because we don't include Hicom, Petronas, MAS and MISC in the calculation? Is there a need to reverse the trend? Where does privatisation come in and what really is the rationale for the entire privatisation idea?

A: I think it might help if we understand the budget for the various Malaysian plans. As an example, development allocation for Kedah for the Second Malaysia Plan totalled \$98 million. But for the third, the allocation was \$1.2 billion. In the mid-term review of the plan, the sum increased to \$1.6 billion, an increase of 1,600 per cent. This is slightly out of proportion because not all states have that kind of money.

You can see how steeply the development expenditure rose. Naturally, that kind of increase forces the government to raise its borrowings. As soon as these loans mature, you need to repay them but your income on the other hand does not rise at the rate of 1,600 per cent every five years. It rises at a rate of about 10 to 12 per cent a year.

In the Fourth Malaysia Plan, development expenditure will not rise as substantially over Third

Plan levels. But if we compare the second and fourth, it is distinctly great. So this very rapid rise in development expenditure has a very big effect on debt servicing because development is almost entirely based on loans. On the other hand, the people have got used to this kind of inflated government expenditure, partly because the government has sought to stimulate the economy by constantly adopting expansionary budgets.

Obviously, we cannot sustain this kind of borrowing; yet we need the roads, the railway, the harbours and the airports. We can do one of two things. We can say well we will call a halt to this thing by stopping everything in order to bring down the growth of development expenditure. But then the country will not be developed and we will lose the kind of multiplier effect that these infrastructures are supposed to create. Or we can pass on some of these responsibilities to the private sector, which is quite capable of bearing the costs.

The reason why we didn't do this earlier was the New Economic Policy. There were not enough Bumiputera agencies or Bumiputera companies that could participate. So any privatisation before would have been non-Bumiputera entirely. But now we have many large Bumiputera companies including PNB which owns Guthrie, Sime Darby and Barlow-Boustead. There are even individual Bumiputeras who would be able to participate in the privatisation programme.

We let the private sector build the ports and run them. As I have said, if they make money we get 40 per cent (in the form of tax). So why should we grudge them?

Q: Are you confident that private Malaysian companies are capable of participating in privatisation as massive investments would be required? Even if they have that kind of money, are they willing to take the kind of risks, especially

in view of very long gestation period?

A: In some cases, I am confident that they are. In the case of roads, for example, they cannot earn sufficient returns by collecting tolls. The toll that we are collecting in the country is fantastically low. It is about one-tenth of what is charged in Japan. Japan has got the volume of traffic. We don't have the volume and yet we collect only one-tenth of what is charged in Japan. No businessman will want to invest in roadbuilding.

But there is evidence that port facilities, for example, can be hived off and given to the private sector with the participation of not only local but also foreign businessmen. We can allow up to 30 per cent of foreign participation as this will also encourage inflow of capital. It also means inflow of technological and management expertise. Provided we choose the right company (30 per cent foreign, 70 per cent Malaysian) and with option for Bumiputera participation, I think the private sector will be able to participate in these projects. It is quite possible to privatise telecoms and even the railway.

Q: But will privatisation not increase the public's burden because they will be charged for using such facilities as ports? Higher charges for these services would invariably be passed on to consumers. This will increase costs for consumers.

A: One way or the other, the public has to pay for the services. They either pay through the government to operate these services, more often than not at a loss, hence depriving others of this money or they pay a fee commensurate with the services rendered.

It is not a must that if we turned over the services to the private sector, the prices will go up. We will see how it will benefit the country and, if necessary, the government will continue to be active so as to provide competition. If the private sector doesn't want to lose money, it will have

to run a very efficient service. All this can be done.

As an example, we have allowed one private company to go into container handling. I think it is doing very well. It is not overcharging anybody. In fact, many people prefer them to the original Kontena Nasional. So you can see that competition is good.

Q: At present those who do not use the port are actually paying for the facilities at the port through income tax and so on. But if a private company runs the port and charges those who use it, a more equitable system of charging is instituted. What is your comment?

A: When the government maintains a facility, that facility is obviously for everybody's use. Some people who contribute via income tax to hospitals, for example, may not use these hospitals as they go to private doctors. In any case, they still have to support the hospitals. We have a system which is more socialist even when compared with, say, the British system.

Q: Are we developed enough to divest ourselves of socio-economic support systems that are paid for through taxes?

A: While the economy is not all that developed, we want that kind of services that is only available in developed countries. The standards that we demand in this country are the standards of developed countries. But the taxes that we pay are of developing countries.

Q: Will the privatisation concept actually not insure that we will achieve the targets of the New Economic Policy?

A: We feel that now we can do it without relegating the NEP to the background. It will be done in the context of the New Economic Policy and we think it is possible now. Of course we are not going to rush into it. Each case will be studied on its merits in terms of equity participation, the benefits to the public, the government and the nation as a whole.

Privatisation does not mean simply turning ser-

vices over to the private sector. We will make a careful study and when we find that it is not in conflict with the New Economic Policy, we will go ahead with it.

Q: Does it mean that the government will not give the private sector a free hand, and that there would be guidelines and rules and objectives?

A: I would say that if we gave the third TV network to the private sector, it does not mean that they can broadcast pornographic films. Even the news may have to originate from Radio and Television Malaysia as is the case with Redifusion.

Q: Quite apart from ports, telecommunications and railways, are you not considering that services like MAS and MISC, which are costing the government a lot of money, should be possible candidates for privatisation, if not total privatisation, probably by selling their shares to the private sector and yet maintaining the basic objectives of these services?

A: We will consider everything. Some we have named, some we will wait for people to make suggestions. Anybody who has an idea that can participate in these things profitably from the point of view of the government, we are willing to consider (such a proposal). We are not confining privatisation to just a few. We are open to any suggestion. If you want to take MAS and privatise it and prove to us that you can do a better job, certainly we will consider.

Q: Datuk, you said earlier that there are now a sufficient number of Bumiputera companies capable of taking over some of the services. Can we take it that the government is satisfied with the achievement of the New Economic Policy?

A: We are behind target principally because of the recession. We would have been on target had there not been a recession. Overall, I would say that I am not satisfied. But I am satisfied in so far as the achievement is in line with what we can hope for in the context of recession.

Q: You mentioned that we are behind target. The 1990 deadline is very near. Where do we actually stand now and what is in store beyond 1990?

A: Well, it is very difficult for me to foresee the future. We may be able to achieve an accelerated growth in terms of the NEP at a later stage. This is perhaps just a conjecture or perhaps wishful thinking. But the important thing is that wealth must be shared among the different communities, and this is something that everybody has accepted.

I don't see a problem beyond 1990. But if after that we were to revert to the 1969 situation, then of course all the work that has been done in these twenty years will be useless. Certainly nobody wants to see that happening.

Q: Nobody can deny that the New Economic Policy has benefited Malaysians in general and the Malays in particular. But it is also obvious that some are benefiting more than others. In fact, there have been grumbings that mainly the upper classes, including the Royalty, who have more access to opportunities, are benefiting more than other Bumiputeras. Would it be true to say that this is an undesirable trend as it could create conflict among the Malays based on class and what is your view?

A: The answer is no unless when you talk about the New Economic Policy you mean the business aspect of it. The New Economic Policy is not related to just business. Education is part of the New Economic Policy. Educational opportunities for the poor people have been enhanced by the policy. In fact, the so-called upper-class Malays or the middle-class Malays were originally the lower-class Malays. So why should we say that you should reach the first level and no further?

Quite a number of these people started off as poor. One of the most successful Malay businessmen that I know is the son of the driver of a British tin miner; he used to live in the garage of the *tuan's* house. But he is

now a successful entrepreneur. How can you call him upper class? Now, if he is benefiting from the New Economic Policy, why should we regret it? In fact, this talk about class is totally irrelevant in the context of

Malaysia. Malaysians are not class conscious. Of course, some people want to flash around in their cars. But then even graduates, who may have had socialistic ideas when they were students, now drive in very nice cars.

I think this is what we are working for. I feel no jealousy if these people become rich. When they have become rich they have to contribute 40 per cent of their income for the poor people who have not yet come up.

QUESTION: In a similar interview a year ago, you said that you could detect among the people the feeling that the government was trying to do something good. What is the situation a year later?

ANSWER: I observe that there is a greater awareness of the government's policies. There is a greater awareness among traders and entrepreneurs of productivity as indicated by the holding of seminars on the subject. In these seminars, efforts are made to deepen understanding of the methods used in the countries of the East. There is greater desire among civil servants to understand more fully the government's policies and to implement these policies. There have been attempts by civil servants to institute job manuals and keep desk files as essential management tools. In my opinion there is a greater awareness in the private sector and among government servants of the need to work harder for the country's progress.

Q: So far attempts to change the attitude of the people are directed at the adults. Is there a plan to involve the younger people, including school children in the effort?

A: There is no specific effort in that direction because before we can do that we have first to create awareness among the teachers.

Q: You are critical of the attitude of the rural people. Has there been any change in their attitude in the past year?

A: Yes, but it is not widespread. Changing one's attitude is not an easy thing to do as it involves his cultural background. Changing a culture takes a very long time. But changes of attitude are happening. In Perlis for instance, there is a movement among kampung people to get rid of the subsidy mentality. They realise that if they go on depending on government assistance, they can never learn to stand on their own and will not be able to compete with others.

Q: Each time you presented your initiatives and policies, there appeared to be a lack of understanding of these policies among government people, including Cabinet Ministers. Was this due to the fact that these initiatives and policies were not discussed in detail at the Cabinet level?

A: There is certainly discussion. Even though this is done, not every detail will be understood by all, particularly if a person does not have the vision of what we are trying to do. For instance, I have explained in great detail the Malaysia Incorporated concept in a television interview. Many people saw the programme. But when I spoke to them subsequently, I found that they still

did not understand the concept fully and this happened even among Cabinet Ministers. This is not strange because each policy has its own peculiarities. We have to repeat the explanation until all details are understood. It is by now understood that Look East means looking at Japan and South Korea. But what are we looking at. Obviously we are not looking at the tendency of the Japanese to commit suicide but at their work ethics. We may and may not agree with what we discover. There were things unknown to me when I proposed this policy and when they surface I have to think about them.

Q: Are these new initiatives and policies thought out exclusively by you?

A: They may be my ideas but they have to have the agreement and acceptance of my Cabinet colleagues, and sometimes my colleagues in the party.

Q: There is hesitation, particularly in the intellectual circle, to scrutinise these policies because you often criticise them for their views. This may hinder them from making constructive criticisms of your policies.

A: If they can criticise me, I think I am entitled to criticise them. What I am opposed to is that these people criticise but fail to offer an alternative. It is essential that they offer me the alternative if they feel what I am doing is not correct. If they say that what I am doing is not correct but do not offer any alternative, we end up not doing anything.

Q: One of your earliest instructions was for Ministers, their deputies, Menteri Besar and state executive councillors to give up business involvement. Why was there a need to repeat the instruction, and in much stronger tone, in your recent address in Sungai Petani?

A: This is because I have received information that many of these people have failed to comply with my earlier instruction. I have sent a circular to all state executive councillors to cease their business activities or face stern action.

Q: Was a similar circular issued following your first instruction on the matter?

A: Yes, but there are cases where even though the person involved says he will give up his business activities, he is delaying his compliance.

Q: At which level is this delay happening--Ministers, Deputy Ministers?

A: As far as I know there is no Minister involved. The delay is generally among state executive councillors.

Q: In the last interview we discussed corruption. But it is observed that the number of people arrested and charged in court appears to be getting smaller, and they are generally "small fish". Are you satisfied with the progress of the fight against corruption?

A: No, I am not. But a reality I have to accept is that we cannot charge a suspect without proof acceptable to a court. There are many allegations made against prominent people because there is a feeling of class different-

ation among us. But allegations alone are not good enough. Recently there has been a spate of newspaper reports on alleged corrupt practices. We investigated these allegations but found no proof. We can't simply charge prominent people just because we want to put the "sharks" on trial. When we suspect that a person is involved in corrupt practices but do not have sufficient proof to put him on trial, we ask him to relinquish his positions or we institute administrative action against him.

Q: The latest World Bank report says that Malaysia's debt service ratio has increased tremendously and that the country is entering a difficult economic period. What is your opinion regarding public finance which is in a very weak position now?

A: We have always practised conservative money management. In the early days, we were not involved very much in development. Therefore our debt servicing ratio was low. When we are in a tight spot we have to borrow and our debt servicing ratio increases. What is important is for us to be watchful in our financial management. I am confident that with all the steps that we have taken, we will be able to maintain our debt at the level we can service. What we are hoping is that the recovery, which is presently taking place in the USA, will be sustained. If this happens, we should be able to export more, and this will reduce the debt servicing ratio.

What we are concerned about is the pressure from the people who have grown used to a long period of prosperity. They cannot accept the fact that we are currently facing economic problems. Some of their demands have to be met and this forces us to borrow. Also we have to carry out anti-cyclical investment to make sure that they mature during recovery. These investments should enhance the speed of our recovery once it sets in. It is for this reason that Heavy Industries Corporation is presently making substantial investments.

Q: How bad is our financial situation because it is said that some states have to beg monthly for allocation from the Treasury to pay civil servants' salary?

A: They do not have problem with money to pay civil servants salary. What is a problem is to get enough money to finance development projects.

Q: What is Islamisation and what are its objectives?

A: What we mean by Islamisation is to inject Islamic values into the administration of the country. The injection of Islamic values differs from the implementation of Islamic laws. Islamic laws are for the Muslims and these laws are personal laws to them. The laws of the country, although not Islamic, are not in opposition to requirement of the religion. Islamic laws can be enforced only if there is a general agreement of the people to doing that. We cannot force Islamic laws on people because Islam itself does not subscribe to the use of force. Islamisation does not mean forcing Islam on non-Muslims. Islamic values will be accepted because they are universal values. What poses problems and creates fear among non-Muslims are the people who insist on forcing Islamic laws on non-Muslims. We have no intention of forcing anybody and there is no reason for non-Muslims to worry.

MALAYSIA

BURMESE FOREIGN MINISTER TO VISIT 2 AUGUST

BK291555 Hong Kong AFP in English 1501 GMT 29 Jul 83

[Text] Kuala Lumpur, July 29 (AFP)--Burmese Foreign Minister U Chit Hlaing is due to arrive here on Tuesday for his first official visit to Malaysia, the Foreign Ministry announced here today.

During Mr Chit Hlaing's three-day visit, Malaysia will seek Burma's cooperation in the fight against drug trafficking, ministry sources said here today.

Malaysian Deputy Foreign Minister Kadir Sheikh Fadzir told pressmen that bilateral as well as regional and international issues would be discussed with the Burmese minister, who is to be accompanied by Deputy Minister of Labor U Pau Khan Thang and three senior officials. He will call on Prime Minister Dr Mahathir Bin Mohamad and Deputy Prime Minister Datuk Musa Hitam and is also due to have detailed discussions with Foreign Minister Tan Sri Ghazali Bin Shafie.

The Burmese minister visited Indonesia, Singapore and Thailand in April last year.

Mr Madir recalled Datuk Musa's visit to Rangoon late last year, when the discussions covered the question of cooperation in fighting the drug menace and the possibility of Burma joining the Nonaligned Movement. Burma had left the movement at the time of the Havana summit in 1978 expressing unhappiness at the "pro-Soviet tilt" of the movement.

CSO: 4200/749

PENINSULA'S INDUSTRIAL OUTPUT UP 14 PERCENT

Kuala Lumpur BUSINESS TIMES in English 12 Jul 83 p 20

[Text]

PENINSULAR Malaysia's industrial production index for March this year rose to 277.7 points, up 13.7 per cent over the previous month.

According to the Statistics Departments, the index for the first quarter of the year at 255.7 points was, however, down 11 per cent compared to the previous quarter.

Contributing to March's improvement were the manufacturing sector (+ 12.8 per cent) and the electricity sector (+ 33.5 per cent).

The mining sector showed a decline of 9.1 per cent.

The decline in the first quarter's index was due to decreases of 12.7 per cent, 5.9 per cent, and 0.9 per cent in the manufacturing, mining and electricity indices.

At the group level in the manufacturing sector, all the 16 major groups of industries registered higher production in March.

Leading the way were sago and tapioca fac-

ories (+ 85.7 per cent) and motor vehicle bodies (+ 61 per cent).

In the mining sector, the month showed an increase of one per cent in the production of tin concentrates to 3,388 tonnes but a drop of 26.7 per cent in iron-ore production to 6,320 tonnes.

The volume of electricity generated for March was 948.4 million kilowatt-hours, up 20.5 per cent compared to the previous month.

The total value of sales of own manufactured products from January to March this year for 75 establishments covered by the department was \$5.998 billion, \$230 million more than the sales for the same period last year.

For March alone, the value of sales was \$2.228 billion, up \$581 million over the previous month.

There was a decline of 0.6 per cent in the paid employment between March last year (324,855 persons) and March this year (322,808 persons). — Bernama ES

CSO: 4200/768

WEST ASIA SEEN AS LUCRATIVE MARKET FOR MALAYSIAN TIMBER

Kuala Lumpur BUSINESS TIMES in English 14 Jul 83 p]

[Text]

THE potential for the export of Malaysian timber and timber products to the West Asian market was amply demonstrated when a recent promotion swing through four countries in that region, organised by the Ministry of Trade and Industry, brought in orders worth \$8.5 million with \$5 million worth of orders still being negotiated.

A report in the latest issue of *Maskayu* published by the Malaysian Timber Industry Board (MTIB), discussing the potential for Malaysian timber in Saudi Arabia, the United Arab Emirates and Kuwait indicated that Malaysia was currently getting a poor share of the lucrative market in the three countries.

The West Asian market is dominated by white-wood sawntimber imported from the softwood producing countries of Europe and South America while plywood is mainly imported from Taiwan, South Korea and Indonesia at relatively low prices, the article pointed out.

Saudi Arabia is one of the biggest timber markets in West Asia. There is no import duty on sawntimber and plywood but duty of 20 per cent is levied on wooden furniture and parts and wooden doors.

In 1980, the country imported sawntimber valued at \$803.4 million, of which Malaysia's share was only \$36.68 million. Malaysia's timber exports to Saudi Arabia, however, declined to \$25.94 million in 1981.

The article pointed out that in view of the massive development expenditure of some \$660 billion envisaged for the current planned period (1981-85), the Saudi market would provide ample opportunities to Malaysian exporters.

The United Arab Emirates is an important market for Malaysian timber products although there has been a drastic drop in Malaysia's share of the market. Due to the declining growth of the construction industry in the UAE, Dubai's imports of timber dropped from

\$188.4 million in 1980 to \$117.4 million in 1981. Malaysia's exports to Dubai fell from \$63.8 million to \$36 million in the same period.

The UAE has few import restrictions on timber products and duty is generally about three per cent ad valorem for most products. Some 50 per cent of the timber imported by Dubai is re-exported to Iran, Oman, Qatar, Saudi Arabia and even Pakistan.

Kuwait, like the UAE, has been a major importer and a traditional entrepot centre, handling goods going to the interior of Saudi Arabia and the Gulf states. Customs duties are nominal, four per cent ad valorem and two per cent for goods in transit.

Kuwait's sawntimber imports increased from \$86 million in 1978 to \$122.7 million in 1979 before dipping to \$108.7 million the following year. The increase has mainly been in the import of plywood — from \$41 million in 1978 to \$101 million in 1979 and \$106 million in 1980.

LOOK GLOBAL, SDP URGES MALAYSIANS

Kuala Lumpur BUSINESS TIMES in English 18 Jul 83 p 2

[Article by Lee Foo San]

[Text]

THE Socialist Democratic Party (SDP) of Malaysia called on Malaysians to "Look Global" at its national seminar in Ipoh yesterday.

The one-day seminar to "review the first two years of the 2-M administration" was attended by top SDP officials.

SDP secretary-general Mr Fan Yew Teng in a working paper on *Malaysia Should Look Global* said the Prime Minister Datuk Seri Dr Mahathir Mohamad knew his Look East call had come under increasing criticism from Malaysians.

Speaking on the subject of *Signposts for a United, Modern Malaysian Future*, he said the people did not doubt Datuk Seri Dr Mahathir's sincerity in wanting a modern, industrialised Malaysia.

"However, Malaysians must be cautious and circumspect in their quest for cross-national and cross-cultural borrowings.

"For a start, we ought to remember that we are a multi-ethnic and multi-cultural society, whereas the Japanese are an essentially homogeneous

society.

"It would be foolish to imitate the Japanese blindly or to go on the easy path of simply aping the Japanese.

"Even good and proven Japanese management and industrial methods and concepts should be adapted and modified to suit our needs and local conditions.

"We should not be slaves to everything and anything Japanese.

"Malaysians should take the best there is from all corners of the world.

"We should not merely Look East or Look Japan or Look Korea, but we should look north, south, east and west.

"In short, we should 'Look Global'," he added.

"We urge Datuk Seri Dr Mahathir to start a free and open nation-wide debate on his Look East policy through the mass media so that we can identify problems, plan goals and approaches in our quest to build a united, just, dynamic, democratic and progressive multiracial, multicultural and multireligious Malaysia," said Mr Fan.

CSO: 4200/768

TRADE WITH SINGAPORE UP 7 PERCENT

Kuala Lumpur BUSINESS TIMES in English 22 Jul 83 p 1

[Text]

SINGAPORE, July 21

SINGAPORE'S total trade with Malaysia amounted to \$6.8 billion during the first five months of this year, a seven per cent increase over the \$6.4 billion during the same period of last year.

According to figures released by the Statistics Department, imports from Malaysia between January and May in 1982 amounted to \$3.5 billion. Singapore exported \$3.3 billion worth of goods to Malaysia.

However, Singapore had been able to sharply reduce its trade deficit with Malaysia from \$309.4 million in 1981 to \$133.5 million during the first five months this year.

Malaysia remained the republic's biggest trading partner followed by the United States with a total trade amounting to \$6.5 billion and Japan at \$6 billion.

Singapore's total external trade from January to May dropped slightly to \$42.6 billion against the previous year's total of \$44.3 billion.

Imports amounted to \$24.3 billion and exports \$18.3 billion.

The republic was able to reduce its total trade deficit from \$6.8 billion in January to May 1982 to \$6 billion during the same period this year. — Bernama

BID BY REBEL GROUP TO JOIN BARISAN WILL BE REJECTED

Kuala Lumpur BUSINESS TIMES in English 19 Jul 83 pp 1, 2

[Text]

THE Sarawak National Party (Snap) has accepted "with regret" the resignation of its three MPs and nine State Assemblymen to form a new Dayak-based party but warned that Snap would oppose strongly any attempt to have the group admitted into the Barisan Nasional.

Snap president Datuk James Wong said in Sibu yesterday that Snap expected the 12 to vacate their respective seats which they won on Snap and Barisan Nasional tickets in the 1982 parliamentary elections and the 1979 state elections.

The formation of the new party — whose name has yet to be decided — was announced by the group on Sunday night after they had failed to have the expulsion of Mr Daniel Tajem, a former Snap vice-president, rescinded.

Mr Tajem, one of the state's three Deputy Chief Ministers, was expelled from the party last month by the Snap Central Executive Committee for allegedly helping an independent candidate in last year's parliamentary elections in Sarawak.

Datuk Wong, who was on a visit to Snap branches in Sibu in the Third Division, told newsmen at the airport that Snap considered the twelve to be in the Opposition as they had resigned from Snap and, thus, the Barisan Nasional.

Their seating in the State Assembly and in Parliament ought to be adjusted, he added.

Datuk Wong, who is also State Assemblyman for Limbang, said he was keeping Prime Minister Datuk Seri Dr Mahathir Mohamad informed of the developments within Snap.

Meanwhile, leaders of the proposed party said they would conduct a membership drive once registration of the party had been approved.

The party's constitution is being drafted and should be ready next week. Its symbol is also being worked out.

The three Snap MPs who resigned are Mr Thomas Salang Siden (Julau), Mr Andrew Janggi (Lubok Antu) and Mr Justin Jinggut (Ulu Rajang).

The State Assemblymen are Messrs Gramong Juna (Machan), Ambrose Gramong (Meluan), Joseph Mamat Samuel (Tatau), David Jemut (Batang Ai), Jonathan Sabai (Pelagus), Joseph Kudi (Ngemah), Jonathan Nawin (Engkilili), Dr Jawie Masing (Pakan) and Datuk Sandah Penghulu Jarraw (Dudong).

Three MPs who are also former Snap members — Mr Patrick Uren (Mas Gading), Datuk Edwin Tangkun (Batang Lupar) and Mr Edmund Langgu (Saratok) — have joined the proposed party. — Bernama

MALAYSIA

BRIEFS

BERNAMA NEWS AGENCY--The government has decided to make Bernama, the national news agency of Malaysia, the sole distributor of news from all foreign news agencies. From 1 May next year news and news materials, including features and photographs now distributed by the foreign news agencies to their subscribers in Malaysia, will only be distributed through Bernama. This was stated by the minister of information, Datuk Sri Adib Adam, in a statement released in Kuala Lumpur today. The minister notes that telecommunications facilities for the local distribution of news and other services of the foreign news agencies will only be provided through Bernama. This includes the general news service, economic, commodity, share market, and financial services, features, and photos. Datuk Sri Adib Adam says Malaysia will set up a full-fledged foreign news service to provide the mass media and other subscribers a combination of items selected from the various news agencies. [Text] [BK031529 Kuala Lumpur International Service in English 0600 GMT Jul 83]

CSO: 4200/749

SOCIAL CREDIT PARTY ON ECONOMIC RELATIONS WITH AUSTRALIA

Christchurch THE PRESS in English 21 Jul 83 p 23

[Text]

GARRY KNAPP, M.P. and Deputy Leader of the Social Credit Party, enlarges on the reasons for his party's opposition to closer economic relations with Australia.

The continuing disparity in investment policy between New Zealand and Australia, and the ominous rumblings within Australian manufacturing circles relating to anti-dumping regulations, add fuel to my earlier concern about C.E.R.

It is bad enough that Australia will have enormous scale advantages in trade, without New Zealand manufacturers facing problems of Australian Government opposition to capital or investment restructuring by New Zealanders in Australia. Compatible investment policies are considered a vital element of C.E.R. if New Zealand manufacturers are to be competitive in the long term in the Australian market. Without them, New Zealand business will be taken to the cleaners by Australian manufacturers and investors.

One of the stated principles behind C.E.R. is that each country should continue to do what it does best. Expressed another way, that means by natural attrition businesses in one country that are not competitive with those in the other will wither on the vine or wind up and disappear.

In the mind of the free marketer that means greater efficiency and less protection in the long term; a very desirable result to the purist.

Even if the investment regulations were equalised and no undue political pressure was exercised by sensitive and powerful Australia industry interests, New Zealand manufacturers in general would have a very competitive situation on their hands. In reality, with

unequal investment regulations favouring Australia and the obvious political pressure yet to be unleashed as Australian business wakes up to the realities of the agreement, the position could, over the five year phase-in, get very bad for New Zealand.

For example, if this new Australian Government felt it necessary to impose countervailing duties or anti-dumping regulations it would cause New Zealand serious problems.

The harsh facts are that Australian interests will very quickly respond to any significant inroads by New Zealand on their existing markets by price-cutting on their domestic market and aggressive strategies within New Zealand.

They are in a strong position to do this due to the marginal costings involved in moving into an additional but smaller market.

Another probable response will be to take over opposition interests in New Zealand eventually turning them into distribution outlets for their Australian-based parent companies. In the meantime, new Zealand companies with sound investment and marketing strategies will relocate over a period of years by placing new capital investment into the larger market centres such as Sydney or Melbourne, if Australian policy allows them. Whatever the case, it will lead to loss of employment in New Zealand, particularly in the South Island and the provincial centres.

Economies of scale determine that Australian industries, on the

whole, have greater efficiency than New Zealand's and this problem is exacerbated when our distance from the main markets and resulting transport costs are taken into account. It should be understood that I concede that some New Zealand manufacturers will do very well out of C.E.R., but, in the main, the New Zealand economy will suffer a net loss of employment opportunities.

A very good example of what we can expect is to be found by examining Tasmania. The only major difference between Tasmania and New Zealand in relation to trading with the Australian mainland under C.E.R. is the currency differential that is to New Zealand's advantage, and the transport costs which are to Tasmania's advantage. These two factors will virtually cancel out each other. It is generally accepted that Tasmania is the poor cousin of the Federation of Australian states, but the way we are heading, New Zealand is likely to join her.

The hard, cold facts are that "free trade" is a myth and only a naive politician would propagate it. It is and always has been a fine ideal, but this is the wrong time and Australia is the wrong country for New Zealand to enter into a closer economic relations agreement.

What New Zealand should be doing is developing a more self-sustainable economy. We need to trade to maintain our standard of living to ensure we do not develop a trade deficit in relation to our

imports. Social Credit believes that the areas offering the best prospects for reducing our external trade deficit remain intensive agriculture and horticulture, tourism, indigenous energy development, marine-based industries such as deep sea fishing and aquaculture, and timber-based industries around our vast forest resources.

Each of these industries is based on indigenous resources and regionally spread. What is more, they can be developed with on-shore investment capital to a far greater extent than the "Think Big" developments. These are increasing New Zealand's total overseas indebtedness. Interest rates make up \$600 million of our current account deficit, and the developments offer little prospect of assisting the deficit in the short term.

It is important to note that tourism and indigenous energy development are unlikely to create tariff problems or trade barriers and new development in horticulture, fresh produce, and quality protein production are equally unlikely to create serious market difficulties. Our present problems in trade relate to the extent to which we are trying to sell products that are over-produced globally.

We can improve our self sufficiency, certainly by enough to wipe out our existing trade deficits. The most obvious area, as an example, is that of the energy philosophy. Had we pursued a different energy philosophy, based on using our indigenous energy as cheaply as possible and as quickly as possible, New Zealand could be

saving as much as \$1 billion a year by now, having reduced the importations of fuel oil by more than half. That would be enough on its own to wipe out our current deficit.

Social Credit believes that a better way for New Zealand to proceed as an alternative to C.E.R. should be based on a philosophy of greater self-sufficiency supported by:

- Public investment in the private sector area of our indigenous industries to stimulate their production and eliminate unemployment. This will help to eliminate our balance of payments deficit and, eventually, our total indebtedness.

- A complete overhaul of marketing, that should involve the private sector, encouraging private and entrepreneurial skills to investigate means by which we can process products further within New Zealand to add value, increase employment, and reduce transport costs.

- Immediate detailed investigations of the potential of bilateral — commodity for commodity using a trade credit system by means of overcoming fluctuations in volume.

- A campaign to raise the consciousness of New Zealanders to quality New Zealand products and encourage consumption of New Zealand-made goods.

The essence of Social Credit's approach is to make New Zealand far more self sufficient than we presently are. Of course we must

trade, and trade aggressively in the world, but a very hard-headed attitude needs to prevail in dealing with sophisticated international operators like the Japanese, the United States of America, and Europe.

The thrust of New Zealand marketing should centre on excellence. Social Credit believes there has been precious little effort put into a global marketing philosophy within New Zealand and nowhere near enough encouragement strive for excellence in export industries. Any export venture should focus on actual sales, not unsuccessful effort.

The real motivation for New Zealand to enter into C.E.R. has been to bring about improved performance from New Zealand manufacturers by reducing protection and rationalising incentives to lead, supposedly, to a greater competitive edge and more international trade and so wipe out our trade deficit. The serious flaw in this theory is that it takes no account of the influences of politics and politicians within those countries.

Unfortunately politicians will continue to interfere for political reasons in all international trade arrangements. The evidence is all around us. New Zealand has suffered considerably at the hands of European, Japanese, and American politicians in recent years. We need a new game plan and it must be designed to minimise the extent to which we are dependent on politicians that we do not vote for — C.E.R. with Australia is not such a game plan.

EDITORIAL ACCUSES SOVIETS OF ECONOMIC SABOTAGE

Wellington THE EVENING POST in English 18 Jul 83 p 2

[Editorial: "Soviets in Dangerous Game in Our Waters"]

[Text] THE SOVIET EMBASSY would have us believe last week's sudden ending of a fisheries research project was all "an unfortunate misunderstanding."

While they've had over half a century of feeding such tripe to their own people it is important that nobody in this country falls for that line. It looks to us that Moscow deliberately sabotaged the project, thereby undermining — in a small way to be sure — this country's long-term economic prospects.

But the move may well backfire. If the Government realises that the Russians cannot be trusted — and last week they didn't keep their word — then the natural step is to deny them access to New Zealand's exclusive economic zone.

The lesson for us is that it is dangerous to be dependent on countries like the Soviet Union when it comes to the management of our huge fisheries resource.

The details of last week's affair are by no means clear. The Ministry of Agriculture and Fisheries wanted to carry out research into orange roughy stocks on the Challenger Plateau, 300km west of New Zealand. Lacking a boat of its own, MAF asked joint-venture vessels to tender for the work. Sanfords, an Auckland company, got the job in return for rights to fish for 1000 tonnes of orange roughy. The Sanfords-Russian vessel Dolomit was contracted and five sci-

entists went aboard. But then, just as work was to start, word came from Moscow and the whole effort was stopped.

In explaining it all away as a misunderstanding, the Soviet Embassy offered one of their research vessels to do the work.

The offer is not generous: indeed it would be very dangerous for us to accept it. First, it would give the Russians an upper hand in negotiations on access to our zone. And after they broke their word last week, can we trust them to give us accurate and objective fisheries results?

Second, Russian research vessels are by no means involved in innocent science. They have a clear military purpose, and it is no coincidence that as the Soviet Navy moves into the Pacific, the number of so-called research vessels in the South Pacific is growing alarmingly.

The size of our fisheries resource is not fully known, but it is very large. Thus, it seems silly that while the Government nags the Europeans to let us sell a little bit more butter and lamb to an unwilling market, no substantial commitment is being made to fisheries research. Last month came word that the W D Scott is not to be replaced.

A research vessel like Dolomit could cost us \$15 million, the

equivalent of three years' orange roughly fishing from the Challenger Plateau.

It is becoming strategically necessary for New Zealand to move towards getting its own deep-sea fishing boats. While the investment costs may be high, the potential returns are even higher.

Businessmen and fishermen have often expressed reservations about the real returns to New Zealand of joint ventures. Last week's incident should now highlight the need for us to break this dependency on untrustworthy partners.

CSO: 4200/753

NEW ZEALAND TO BENEFIT FROM CLOSER ECONOMIC RELATIONS

Wellington THE EVENING POST in English 16 Jul 83 p 18

[Text]

Theory and evidence strongly suggest smaller New Zealand will gain relatively more than larger Australia under the new closer economic relations treaty (CER).

Even though the reasons for this are clear, some Australian interest groups regard it as a controversial assertion.

It has become a complicating factor in New Zealand's bid to get a "fair go" under CER for the motor vehicle industries and in the area of government purchasing.

The Australian wariness in negotiating on these items has been aggravated by uncertainty about New Zealand's intentions on export incentives and the Industries Development Commission recommendations for a motor vehicle industry plan.

Getting New Zealand's agreement to phase out export incentives was the last major sticking point in the finalisation of the CER treaty last year.

However, it is still regarded by many Australian companies as a matter upon which they were "sold out."

Incentives

Under CER, performance-based export incentives will be eliminated in trans-tasman trade by 1987. New Zealand has undertaken, as a signatory to the Gatt code on subsidies to bring its export incentive arrangements into line with the code within a reasonable period of time.

Some Australians appreciate the issue is of, to quote one Australian report, "acute political sensitivity" here. But they still expect the Government to bite the bullet in this year's budget.

However, they have become nervous following comments by the Minister of Overseas Trade, Mr Cooper, that "past 1985, export incentives will continue to be a very important element in the drive for overseas funds."

Reviewed

Mr Cooper noted that although the incentives schemes were being reviewed, they were still "the best dollar spent by the taxpayer at this time." The schemes expire in 1985.

The New South Wales Minister for Industrial Development, Mr Day, confirmed sections of industry still believed it was over-generous that the current schemes continue so long after the inauguration of CER.

Echoing comments by the Prime Minister, Mr Muldoon, to the Australian National Press Club in another context of the CER debate, Mr Day likened CER to a race in which ideally competitors should start from the same point.

Speaking in the context of the row over which country should change its investment rules, many Australians said that unless doubts over the future of export programmes were removed before long, there would be a build up of pressure on the Prime Minister, Mr Hawke, and Federal Treasurer, Mr Keating, to hold back from anything that might look like a concession on other aspects of CER.

Despite suggestions from Australia that its steel industry is "bigger and better" and New Zealand should abort expansion plans, New Zealand Steel Development Ltd is proceeding with plans to raise more than \$10 million through a new share issue to finance its plans.

The intention is to lift iron and steel making capacity from 145,000 tonnes to 790,000 tonnes.

It is understood the work is under way, on time and on budget.

A second stage, endorsed by the Government involves building hot and cold rolling mills to manufacture a wide range of steel plate, sheet and coil.

A contract is expected to be announced before the end of the year.

About 40 percent of the total steel production will be exported, but Australia's BHP contends strongly that stage two should not go ahead.

Competitor

Questioned by an Australian about the prospect of New Zealand's smaller industry continuing to develop in the face of the larger Australian competitor, Mr Muldoon retorted: "What are you scared of? The whole sense of CER is to open 'em up, and who does best wins."

That's fine, some Australians responded, but would it also apply to government purchasing and the motor vehicle industry?

New Zealand can tender for federal government contracts. And firms in the capital territory, Canberra, can tender for New Zealand Government contracts.

The situation between the states and New Zealand is more complicated. Each state has its own system, loading contracts in favour of local industry and against outsiders.

New Zealand wants the preference system abolished. Meanwhile it has agreed to match any loading a state places against New Zealand bids.

Rationalising

Australia's Industry and Commerce Minister, Senator John Button, made an attempt to begin rationalising policies last month.

The Federal Government wants a uniform policy for "Australian made" preference, largely to avoid the costly fragmentation of manufacturing facilities.

New South Wales and Queensland opposed Senator Button's move, while South Australia, Tasmania and Western Australia have shown some sympathy for the New Zealand viewpoint.

At one recent meeting, the Minister of Trade and Industry, Mr Templeton, pointed out that the Government purchased more than \$300 million a year from non-New Zealand sources, but that only about \$45 million goes to Australian manufacturing sources.

Mr Templeton pointed out that if state preference purchasing did not work against New Zealand, then Australia could expect to gain a lot more orders from the New Zealand Government.

Diminish

However, some Australians interpreted his remarks to mean that if New Zealand continued to be shut out of state purchasing, then the existing \$45 million bought from Australia could diminish!

They added that New Zealand was being unrealistic if it expected Australia to rationalise its complicated and historic federal-state system of government.

The CER problems in the motor vehicle industry are even more complex.

On the New Zealand side, the Industries Development Commission has recommended the tariff preference for purchasing from Australia be reduced to a point that Australians believe it would not be worth exporting to New Zealand.

This concern was put to Mr Muldoon recently. New Zealand has responded by taking extra time to make decisions on the IDC report.

On the Australian side, efforts are under way to rationalise the manufacturing industry to fit it into the world car production scheme.

The difference between New Zealand and Australia is that Australia has a car manufacturing industry, whereas New Zealand has assembly plants only. There are various views on what will happen as the two motor vehicle industries are brought under CER.

Direct supply

One view is that New Zealand's assembly plants will have to close, with the local market being supplied direct by Australian manufacturers.

On the other hand if Australian manufacturing is rationalised to slot in with the "world car" concept, New Zealand's larger assembly industry would be well placed to contribute.

A third view is that because Japan is the most efficient source for both countries, New Zealand and Australia have to take the painful decision to phase out a less efficient manufacturing industry (Australia) and assembly industry (New Zealand), or — if that is too hard to contemplate — opt for a joint Australia New Zealand package with a common tariff for Japanese imports.

LABOUR PARTY REPORTEDLY LEANING TOWARD USSR AS ALLY OVER U.S.

Christchurch THE PRESS in English 18 Jul 83 p 1

[Text]

NZPA staff correspondent
Washington

The Minister of Foreign Affairs, Mr Cooper, arrived in Washington at the weekend for the A.N.Z.U.S. talks and charged that the Labour Party was likely to become "more an ally of the Soviet Union than an ally of America."

Mr Cooper said that the New Zealand Government was "very satisfied" with the defence treaty, and said that "we are not in the business of changing satisfactory relations."

The A.N.Z.U.S. (Australia, New Zealand, United States) discussions will take place early this week and will be attended by the American Secretary of State, Mr George Shultz, the Defence Secretary, Mr Caspar Weinberger, the Australian Defence Minister, Mr Gordon Scholes, and the Foreign Minister, Mr Bill Hayden. New Zealand's defence establishment is represented by the Defence Secretary, Mr Denis McLean.

The Australian Prime Minister, Mr Hawke, heading the new Labour Government, visited Washington last month and said that he had asked for a review of A.N.Z.U.S. at this meeting and that Mr Weinberger had agreed.

Mr Hawke gave no details of what changes he was proposing, and no specifics have emerged since, giving rise to suspicion that the proposal was a tactic designed to stroke political wings in Australia.

Mr Scholes said that he wanted to discover — after

the change of government — whether American and Australian perceptions of the treaty were still the same.

Mr Cooper, who arrived with his wife and the official New Zealand party at a military air base aboard a Royal New Zealand Air Force Boeing 727, said that "of course we recognise that there is a new Australian Government and that there was talk before they came to government about A.N.Z.U.S."

"I cannot prophesy," he said, "that the meeting will pass without discussion on the form and intent and the future of A.N.Z.U.S."

"It is important however, to recognise that we go into the talks very satisfied with what is happening with our relationship with the United States and Australia."

Mr Cooper said that the Australian suggestion that A.N.Z.U.S. be fine-tuned to define the geographical area it encompassed presented a "virtually impossible task, getting down to latitudes and longitudes," and said New Zealand was quite happy to accept the treaty as it was, as a Pacific document.

"It has served us very well," he said.

Mr Cooper said that he was not looking for any more specific guarantees for America to come to New Zealand's aid if New Zealand were attacked because, although the Soviet Union had expanded into the Pacific in recent years, "the real worry, if anything does come about, is that it is

more likely to come from an area away from the Pacific."

If any other potential adversary became apparent then there would usually be time for consultation and discussion, Mr Cooper said.

The Minister side-stepped questions on whether there was a difference in viewpoint between the three countries on the need to make changes to A.N.Z.U.S., and refused to comment on what he thought the Australians wanted, in spite of briefings on talks between officials of the three countries in Canberra in May.

"I am frankly not commenting on that," he said. "The reason is quite simple: the last thing we want to be in is a situation where newspaper reports go from Washington to Canberra and they come back by telex from their government agencies and they say the New Zealand Minister of Foreign Affairs said A, B, C, D, E, on Saturday, and we go into the talks on the Monday, and we get to the point where you do not have a good dialogue because people are talking about what they read in the paper ..."

Mr Cooper said it would be "presumptuous" of him at this stage to estimate whether the Australians were in a status quo inherited from the former government or "whether or not they have made some new initiatives."

He did say though, that the Americans had agreed in discussions that the A.N.Z.U.S. treaty was

"valid" and said that if anything, he would be looking for areas in which to strengthen it. He was satisfied, he said, that New Zealand and America perceived the treaty the same way.

Mr Cooper said that there were "some elements of the Left-wing Labour Party attitude" that gave "thinking New Zealanders" a great deal of concern.

There had been a tendency in Left-wing politics in both Australia and New Zealand — "I'm not talking particularly about the elected part" — to look at America and say: "We do not like their military situation, so we are going to criticise it," he said.

"The criticism seems to be anti-American. At that point some people would say it was pro-Russia, others would say it was a neutralisation, but my contention is that any movement to define within the policies of elected governments, a clear statement to the Americans that nuclear or conventionally-powered vessels that have nuclear weaponry on them will not be able to come to New Zealand will be extremely damaging to any A.N.Z.U.S. arrangement."

That would be a fundamental change for New Zealand,

Mr Cooper said.

"... the National Government enjoys visits by conventionally-powered and nuclear-powered United States vessels. We don't ask the Americans whether these vessels have nuclear weaponry and we don't intend to whereas the Opposition party in New Zealand is moving to the point where it is going to ask and in that way probably become more of an ally of the Soviet Union than an ally of America."

NZPA: You do not feel that it is an insult to the New Zealand Government that the American Government does not tell you whether its ships are nuclear armed or not?

Mr Cooper: Certainly not.

NZPA: You do not feel it implies a lack of trust?

Mr Cooper: I think it is more of an insult the other way round. If we said that we were going to become fair weather friends... You should tell us everything and we should tell the public

of New Zealand... And the world... And the Soviet Union... just what your ships are capable of doing in a military situation...

NZPA: I am not talking about their telling the public. I am talking about their telling the Government.

Mr Cooper: We are satisfied that in a secure military situation they have got information that is their business.

Conservative politicians, Mr Cooper said, were interested in freedom, security and strong defence — the A.N.Z.U.S. treaty as it was.

Left-wing people who wanted to neutralise the situation cast themselves adrift a little from the United States and probably wanted to take up an interest in other countries that did not have the Government's support.

The Government, he said, had "no sympathy" for the position of Mr Lange, the Leader of the Opposition, who said earlier this month

that the United States should disclose whether ships visiting New Zealand were armed with nuclear missiles, and said that this was not inconsistent with the provisions of the A.N.Z.U.S. treaty.

"There is now a definite difference between the Australian (Labour) Government's approach and the New Zealand Labour Opposition's approach," Mr Cooper said.

"I must say that his (Lange's) position changes rapidly. He is capable of political somersaults in policy."

While in Washington, Mr Cooper will host a dinner at the residence of the Ambassador, Mr Lance Adams-Schneider.

After the A.N.Z.U.S. talks, Mr Cooper will meet with Mr Shultz, Mr Weinberger, Agriculture Secretary Mr John Block, trade representative Mr Bill Brock, and Commerce Secretary, Mr Malcolm Baldrige.

LABOUR PARTY SPOKESMAN REJECTS ALLEGATIONS OF ALLIANCE WITH USSR

Christchurch THE PRESS in English 19 Jul 83 p 2

[Text]

Allegations that the Labour Party was likely to become "more an ally of the Soviet Union than an ally of America" have been strongly rejected by the Labour Party spokesman on Foreign Affairs, Sir Wallace Rowling.

"The Labour Party's opposition to the Communist philosophy has never wavered throughout the history of the party and now remains as unshakable as ever," Sir Wallace said.

The allegations were made by the Minister of Foreign Affairs, Mr Cooper, in Washington, at the A.N.Z.U.S. defence treaty talks.

"This continual sniping at the Labour Party is right down to his level," Sir Wallace said of Mr Cooper.

"It is a sign of the desperation of the National Party when a senior Minister tries to draw the United States into the New Zealand domestic scene. It is a grubby tactic," he said.

Sir Wallace said that if Mr Cooper wanted to say something, he should say it about the people involved in the talks, and not use a

scare tactic against people not involved and not able to defend themselves.

"There has been substantive comment from the Australians seeking changes to the A.N.Z.U.S. treaty which Mr Cooper could have commented on rather than stooping to these tactics," he said.

Sir Wallace was in Christchurch briefly yesterday on his way to Invercargill.

Mr Cooper's claims were described yesterday by the Labour Party leader, Mr Lange, as "outdated red-baiting."

He said Mr Cooper had broken a convention that foreign affairs debates are not carried out overseas.

Mr Lange told the Press Association he was trying to do "completely the opposite" of Mr Cooper's suggestion.

It was a pity, Mr Lange said, that the "battle for the deputy leadership of the National Party has spilled over into the area of New Zealand's foreign affairs.

"Clearly Mr Cooper has worked out another hate market in the New Zealand electorate.

"Another contestant for deputy leadership, Mr Bolger, has chosen the union issue for his ride to success. The ploys are so blatant, responsible New Zealand won't fall for them."

Labour's spokeswoman on disarmament, Ms Helen Clark, congratulated Miss Marilyn Waring (Nat., Waipa) for her statement opposing visits from nuclear-armed warships.

Ms Clark said that those who oppose the spread of nuclear weapons and their presence in New Zealand waters are not anti-American and pro some other nuclear power.

"They oppose deployment of nuclear weapons by any state anywhere. To brand peace campaigners as pro-Communist is the oldest and most inaccurate smear in the National Party's arsenal of innuendo."

She suggested that Miss Waring should be appointed the Government's spokeswoman on disarmament, "as present Government Ministers are clearly incapable of dealing rationally with nuclear issues."

CSO: 4200/753

EDITORIAL EXAMINES LINKS WITH AUSTRALIA

Wellington THE EVENING POST in English 25 Jul 83 p 2

[Editorial: "Links With Australia Need To Be Explored"]

[Text]

WEEKEND REVIVAL OF the familiar suggestion of New Zealand merging into federal union with Australia will be easily dismissed by many. But shouldn't we explore this relationship more deeply?

The popular thing for any New Zealand politician or newspaper editorial to say would be to reject giving up our independence to become a small, distant voice as part of the Australian Commonwealth.

While that argument is crucial it is about time the people in both countries had some fresh facts and a modern look at the advantages and disadvantages of even closer association, including the ramifications of possible union.

Some authoritative New Zealand and Australia joint commission with a wide-ranging brief should examine such a proposition and any lesser options involving closer co-operation, merging of certain institutions and policy-making.

The results of such a joint commission should be debated and made known at all levels in both countries. That would be the basis of informed proposals that could lead to action in our mutual best interests.

The result may in all probability fall far short of full political union but it

could provide an improvement on existing arrangements, and be to the mutual benefit of both countries.

At least the decision would be well-informed and in tune with present-day considerations. It would also raise public and official awareness of the possibilities and the opportunities, and would probably open the way for regular reviews.

New Zealanders have to be wary about full political union with Australia. When we see the problems state governments have with the Federal Government we are entitled to wonder how poorly one or even two little New Zealand states would fare.

Australia may have its reservations too, but these are matters for useful exploration.

What is more likely, at least initially, is a greater link-up building upon what we already have by way of the numerous official and unofficial contacts and arrangements.

The subject is not one for politicians only. Neither is it to be dismissed as an adjunct to a one-day legal seminar.

Humorous references playing to our sporting rivalries are good for the day but future relationships between our two countries are of more long-term and comprehensive significance.

TRADE DEFICIT WITH JAPAN NARROWS

Auckland THE NEW ZEALAND HERALD in English 20 Jul 83 p 3

[Text] Booming exports point to New Zealand's \$325 million trade deficit with Japan being wiped out by the end of the year.

Eight extra container ships had to be chartered during the first part of the year to handle a 25 per cent increase in the volume of goods being shifted.

In one significant area, aluminium exports, both the volume and value of New Zealand exports to Japan were greater for the first nine months of the trading year than for the previous 12 months, according to the Department of Trade and Industry.

Aluminium has been this country's single most important export to Japan over the years. The commissioning of the third pot-line at the Bluff aluminium smelter this month, a month ahead of time, will allow the industry to take advantage of more favourable conditions.

Trade with Japan is accounted for during a 12-month period ending in June each year.

New Figures

The latest figures from the Department of Statistics show that for the first 11 months of the year New Zealand imported goods to the value of \$1,018,188,188, and exported goods with a freight on board (fob) value of \$951,449,815.

The last full trading year resulted in New Zealand

importing goods worth \$1,199,913,000, and exporting goods valued at \$874,386,000.

The department points out that the increased income from New Zealand's exports does not proportionately reflect the big volume increase in many of the products, because the equalising of the trade has been made with a great currency advantage to Japan.

During the latest trade year the exchange rate has been calculated at about 157 yen to the New Zealand dollar. In the previous year it was 188 yen to the dollar.

The lower-valued New Zealand dollar has made New Zealand goods more attractive on the Japanese market, but it has also priced many Japanese products off the New Zealand market.

About 123,000 tonnes of aluminium was exported to Japan in the first nine months of the trading year, compared with 95,000 tonnes for the whole of the previous year.

That figure reflects the revival in Japan's economy, according to the chairman of the Japan New Zealand Business Council, Mr A. B. Downey.

"Metal prices have moved up significantly in

the past six months," he said. "The Tiwai Pt smelter is very efficient by world standards.

"It was not pushed as low during the recession and can pick up well now that things are improving. The expansion of Tiwai Pt is occurring at just the right time."

As far as the whole trade with Japan was concerned all the indications were positive, Mr Downey added.

Meanwhile, the upsurge in the volume of exports from New Zealand has created problems for the New Zealand Eastern Shipping Committee.

Extra Ships

The chairman of that committee, Mr D. N. D. Brown, said eight extra container ships were needed to handle a big seasonal peak in the trade created by an upsurge in exports of stock feed, milk powder, kiwifruit and other horticulture produce, such as onions, pumpkins and squash.

For nearly all those chartered ships there were no southbound cargoes, and that concerned the shipping lines as well as exporters in both countries, because one-way shipping was uneconomic and

tended to lead to higher freight rates.

The bulk of the New Zealand-Japan trade was carried by a two-ship container service provided by the Eastern Shipping Committee, but next year it would bring a third container ship into the run on scheduled services, at least for the first six months.

Mr Downey said he was confident there would be a matching revival in imports from Japan once business confidence in New Zealand was restored and the more stable trading pattern of the pre-recession years returned.

Key Factor

The key factor was New Zealand's ability to pay for imports, which was also linked to relative high value of the yen to the New Zealand dollar, he said.

In recent years Japan had been one of New Zealand's toughest but most promising long-term markets.

Much of New Zealand trade was still in raw produce or commodities, with little or no added value finishing, and only slow progress had been made in increasing the portion of finished product exports to Japan.

PRIME MINISTER MULDOON SAYS NEW BUDGET WILL ASSIST ECONOMY

Christchurch THE PRESS in English 14 Jul 83 p 1

[Text]

PA

Wellington

The Prime Minister, Mr Muldoon, said yesterday that his July 28 Budget will include measures aimed at giving a lift to the economy.

Commenting on the latest Organisation for Economic Co-operation and Development economic outlook for New Zealand, Mr Muldoon said that he had received reports that economic activity in a number of areas was already improving.

"We have some proposals which we will announce shortly that will give a further lift," he told journalists.

Some would be revealed in the Budget and the rest within a few months.

Labour's associate spokesman on finance, Mr David Caygill, said that the O.E.C.D. report gave a depressing picture of New Zealand's economy. It confirmed, he said, that the recession was the direct result of deliberate

actions of the present Government.

The report said that the New Zealand economy moved into recession in 1982 and most indicators suggest that recovery would not come until 1984.

New Zealand's fiscal stance was described as strongly expansionary.

Real disposable incomes fell about 4 per cent in the 1982-83 fiscal year and, with wages frozen, they might continue to fall through 1983-84.

There had been a fall in gross domestic product of about three-quarters of 1 per cent, and a large rise in unemployment. Unemployment might continue to increase into 1984 as a "lagged reaction" to the recession, said the report.

Mr Muldoon said that some commentators had asserted that the economic lift would come during election year, but that was not so.

"It is for this year. The reason is there is no necessity for the New Zealand economy to go down any further, having regard to the fact that our balance of payments position is improving very rapidly. With that qualification the report is probably not too far wrong," he said.

Some of the planned Government measures would be aimed at helping job creation, said Mr Muldoon.

The measures would "come together with what our people say is an upturn that is being generated quite outside these policies.

We are now putting back (into the economy) \$70 million a month in personal tax concessions coming from last year's Budget."

Savings were soaking up some of that money initially.

"At present what we see by direct survey of business firms suggests that some of it is now coming through directly into economic activity."

Mr Muldoon said that while there was an economic upturn in some areas it was "patchy."

The measures would significantly blunt the rate of growth in unemployment, but Mr Muldoon said that

CSO: 4200/753

SOVIETS AIM TO BREAK RESEARCH SHIPS BAN

Auckland THE NEW ZEALAND HERALD in English 15 Jul 83 p 1

[Text] **The two Government scientists taken off a Russian trawler at sea yesterday say their fisheries research was aborted because the Soviet Union is trying to manipulate New Zealand into using specially equipped Russian vessels for research in New Zealand waters.**

The two scientists, Dr W. L. F. Van Den Broek and Dr D. A. Robertson, and two technicians transferred from the trawler, the Dolomit, to the New Zealand research vessel the James Cook, 300 kilometres west of the North Island, after the Russian trawler captain had refused to co-operate.

The researchers returned to Wellington last night "extremely bitter" that the fishing research project they embarked on last Friday had been aborted.

They had set out on the Dolomit, chartered by the Auckland fishing company Sanford Ltd. to study orange roughy stocks in order to get a quota for the fishing industry.

\$5m Loss

But the refusal of the trawler captain to let them carry out the research when the boat was out at sea has meant the research project has been abandoned before it even started.

The scientists estimate that the project's abortion has probably cost New Zealand about \$5 million in foreign earnings.

They believed the quota for orange roughy could have been doubled this year from the 5000 tonnes

quota — worth \$5 million — of last year.

Last night, both scientists put the blame on a "manipulative attempt" by the Soviet Ministry of Fisheries.

Dr Robertson said it was trying to pressure New Zealand into using specially equipped Russian research vessels, and that was unacceptable.

"The main thing we have against using their vessel is that we will not agree to doing our research under their controlling direction.

"We would be on their vessel using their scientists and they would have their say over how the research is run."

Russian research ships have been banned in New Zealand waters for some years. The New Zealand Government imposed the ban as part of its protest at the Russian invasion of Afghanistan.

Dr Van Den Broek said that, when the Dolomit arrived at the Challenger Plateau after four days it became obvious that "they were not taking any notice of our research and just started fishing commercially."

The researchers contacted Sanford, which confirmed that the Soviet Ministry of Fisheries had refused permission for the

research project.

The Russians on the boat had been very hospitable before that, said the scientists. The crew had been keen for the project to go ahead but had taken their orders from the Soviet Union.

The managing director of Sanford Ltd. Mr Neil Mills, said yesterday that the research work has intended to be part off a normal commercial voyage.

He said there was no question of the scientists' being asked to leave the ship. They had decided to go once it became apparent they could not do the work they joined her to do.

Job to Do

The Soviet Embassy in Wellington said yesterday: "We regret an unfortunate misunderstanding that obviously occurred between officials, scientists and Soviet representatives."

But the embassy noted that the Soviets had told New Zealand officials in June and again recently that Soviet fishing boats belonging to joint companies with New Zealand would not be able to conduct a proper study of marine resources.

FEDERATION OF LABOR CANCELS JOB ACTION

Auckland THE NEW ZEALAND HERALD in English 14 Jul 83 p 1

[Text] Wellington Bureau

The Federation of Labour has called off its programme of industrial action against the wage freeze and has denied the move is an attempt to take Government caucus heat off the trade union movement.

The secretary of the FOL, Mr K. G. Douglas, said the decision to end the campaign was made by the national executive on Tuesday of last week, two days before the Government caucus decided in principle to move against compulsory unionism.

An FOL memorandum to affiliates and branches, advising that action should cease by July 30, claims the campaign has been successful in bringing about improved proposals from the Employers Federation ion wage bargaining reforms.

Mr Douglas said the original objectives of the campaign — an immediate \$20 a week wage increase and a return to free bargaining — were clearly interrelated with the work of the joint employer-Government-FOL working party on wage-fixing reform.

Agitation

"We want to improve the climate for positive pro-

gress in those talks by concluding industrial action at this time," he said.

"At the same time we are warning unions that they will have to continue agitation and education activities among their membership because of the threat to the whole structure of the trade union movement."

Mr Douglas said he now feared that any improvement in the climate of the talks could be lost because of the continuing statements on voluntary unionism by the Minister of Labour, Mr Bolger.

But the talks are expected to continue today, apparently little affected by the fact that Mr Bolger is drawing up draft legislation to abolish the basis of compulsory blanket union membership.

The Employers Federation yesterday rejected the claim that they had backed away from some principles they wanted enshrined in a new wage-fixing system.

The executive director of the Employers Federation, Mr J. W. Rowe, said yesterday, "We naturally welcome the FOL's decision even if it is a little belated."

He added, "I do not think the decision has anything to do with the wage talks."

Wide Range

New wage bargaining principles tabled by the employers when the tripartite talks were launched on

February 23, were not firm proposals, he said. Therefore, it could not be argued that the employers' side in the talks had "backed off" from anything.

The Minister of Labour, Mr Bolger, said last night that the campaign had been a fiasco that union members had grown sick and tired of.

In a speech prepared for delivery to the Wellington Chambers of Commerce, Mr Bolger said the campaign showed how far the trade union leadership was out of touch with the aspirations of New Zealanders.

'Nonsensical'

Mr Bolger said it was clear the campaign enjoyed little public support.

"Quite simply it was dying because trade union members were sick and tired of its futility."

In a reference to his moves to introduce voluntary unionism, Mr Bolger said: "I am certain that if union leaders have to justify their position or risk losing members there will be more constructive policies and fewer nonsensical campaigns such as the \$20 a week fiasco."

Mr Bolger also said that he was looking at making unions liable for damages if they were to strike without first holding a ballot.

CSO: 4200/753

OUTLOOK FROM NEW OIL, GAS FINDS GOOD

Christchurch THE PRESS in English 27 Jul 83 p 1

[Text]

PA

Wellington

The drilling success at Taranaki's Pukemai 1 well proves that New Zealand will get a significant amount of oil and gas from a large number of small fields, says the Minister of Energy, Mr Birch.

The well's strong indications of oil and gas were "very, very important," Mr Birch said yesterday.

"It is proving that the smaller structures that have been located through the seismic surveys have accumulations of hydrocarbons in them.

"Like many other parts of the world, we will get a significant amount of oil and gas from a large number of small fields."

The Petroleum Corporation said on Monday that the Pukemai well had drilled into the McKee formation at 2322 metres.

Mr Birch said it was impossible at the moment to say how much oil or gas would come from Pukemai.

He repeated his assessment of last month that the McKee and Pouri fields would provide about 6 per cent of New Zealand's annual crude oil needs — saving at least \$90 million a year in overseas exchange.

Finds at Tahua, about 3km north-east of the McKee field, and now Pukemai, 1km south of

Tahua, could add to this saving.

However, Mr Birch said he had not changed his "conservative global estimate." He still expected at least \$900 barrels of oil a day to come from the group of wells.

The group consists of three planned McKee producing wells, one planned at Pouri and the projected one at Pukemai.

Tahua "looks as if it will essentially be a gas field," with commercial proving of the field still to be completed.

Gas yields will be an additional benefit to the oil finds. Plans are afoot to build a gas pipeline from the structures to the existing gas line to Auckland.

Mr Birch said it could be two weeks before there was a better indication of the extent of the Pukemai find.

Petrocorp said the well was being deviated to avoid an obstruction in the bore.

Mr Birch said the obstruction occurred when drilling equipment was lost.

"It was not possible to recover it so they are drilling round it."

Pukemai is the fourth success for Petrocorp since late last year.

In April it also announced encouraging hydrocarbon indications about 2330m at the Pouri 1 well. Production tests later suggested a two-week flow rate of 12,500 barrels of oil.

Earlier the same month Petrocorp said the Kaimiro 1 well had also tapped 3.3 million cubic feet of gas and 900 barrels of condensate daily from the reservoir at 3600m.

The McKee field — to start production next year — is expected to produce about 3200 barrels of oil and 70,000 cubic metres of gas daily.

To date, more than \$50 million has been committed by the Government to developing the McKee and Pouri fields.

Petrocorp also is involved in oil searches expected to cost more than \$170 million, to begin in September.

Semi-submersible drilling

rigs will be used off the Taranaki coast and in the Great South Basin. Four wells will be drilled in each area.

The \$100 million search in the Great South Basin will be made from the Penrod 78 rig for Petrocorp, with Hunt International Petroleum, Ltd, and Enserch, both Dallas-based concerns.

The first two wells will be drilled before May.

Four wells, costing about \$71 million, will be drilled off the Taranaki coast.

Petrocorp and its partners are working as the New Zealand Offshore Drilling Consortium.

The cost of each well off Taranaki will range from \$11 million to \$21 million.

The rig for Taranaki is still in a Korean shipyard. It belongs to an Edinburgh-based company, Atlantic Drilling.

The rig, called the Ben-reoch, is due in New Zealand on September 15 and has been leased for six months. Its crew of between 50 and 60 will be based in New Plymouth.

CSO: 4200/753

NO ACTION PLANNED OVER SOVIET REUSAL TO CONDUCT RESEARCH PROJECT

Auckland THE NEW ZEALAND HERALD in English 23 Jul 83 p 1

[Text]

Wellington Bureau
The Government appears unlikely to take action against the chartered Soviet fishing vessel which refused to carry out a New Zealand orange roughly research project this month.

The Minister of Fisheries, Mr MacIntyre, yesterday rejected a suggestion that the trawler, Dolomit, should be ordered back to the Soviet Union. The suggestion came from the president of the Federation of Commercial Fishermen, Mr W. H. Martin.

Mr MacIntyre said

action along those lines would penalise the New Zealand company Sanford Ltd more than the Soviet Union.

The Dolomit remains fishing in the New Zealand zone under contract to Sanfords.

Using the trawler, the company had successfully tendered for a New Zealand government research contract to gauge the orange roughly resource on the Challenger Plateau.

But by the time scientists joined the Dolomit earlier this month the Soviet Ministry of Fisheries had

ordered the crew of the chartered trawler to take no part in the research project.

The scientists left the vessel and returned to Wellington, claiming the Soviet Union was trying to manipulate New Zealand into using Soviet researchers.

Mr MacIntyre's statement yesterday was his first public comment on the affair.

He said evidence presented to him made it clear that both Sanford and New Zealand officials acted in

good faith in entering into the research contract.

Sanford, as charterers of the Soviet trawler, took the view that they had a right to deploy it as they thought appropriate.

"The matter is clearly one to be resolved between Sanford and their USSR partner," the minister said.

However, he added that he had directed officials of the Ministry of Agriculture and Fisheries to discuss the incident with Soviet representatives and to re-examine charter agreements which have been negotiated between New Zealand

companies and the Soviet authorities.

The managing director of Sanford, Mr M. L. Mills, said yesterday that the Dolomit incident had not discouraged the company from chartering Soviet vessels in the future.

The company is seeking a meeting with the Soviet state fishing corporation.

Meanwhile, the Soviet embassy in Wellington has said it regretted the "misunderstanding" and has offered a specially equipped research ship to conduct the study.

LABOR EXPLAINS ECONOMIC POLICY

Wellington THE EVENING POST in English 26 Jul 83 p 4

[Text]

A Labour government would shift the focus of economic management from "ad hoc" interference with business to broad economic strategy that would be applied in a consistent manner.

Promising this today, Labour leader Mr Lange and finance spokesman Mr Douglas said a Labour government would actively promote a more open, outward looking, and co-ordinated style of economic management.

"We believe that the resulting greater degree of certainty and confidence will, in itself, result in an improvement in the economy," they said.

Policies Labour would introduce would "encourage and reward individual enterprise, innovation, savings, investment, risk-taking, hard work, and acquisition of knowledge."

The overall goals would be economic growth, full employment and social justice.

Attaining these goals would be constrained by inflation, balance of payments, and inadequate savings.

Range

Mr Lange and Mr Douglas said a range of co-ordinated policies aimed at the key objectives and dealing with the critical con-

straints would be announced by the Labour Party in due course.

They were outlining Labour's approach to economic management in the fourth and final pre-budget report putting the Opposition's view of the economy.

The first three reports, attacking the Government's economic management and policies, were released by Mr Douglas last week.

Mr Douglas had promised the final report today would outline Labour's alternatives.

While not saying exactly what Labour would do, Mr Lange and Mr Douglas said Labour's policies would address the cost of capital, labour and land, the productivity of resources and the exchange rate.

The policies would ensure investment moved into industries where New Zealand had an international competitive advantage, both exporting and importing substituting industries.

The key industries would be those based on New Zealand's natural resources — processing of primary products, tourism, skill-intensive industries and services.

Plans would be developed on an industry by industry basis with careful definition of objectives and strategies.

In the public sector, a Labour government would require departments to assess their objectives and develop performance indicators on the effectiveness

and efficiency of programmes being used to achieve those objectives.

There would be a thorough, continuous review of existing government policies and associated expenditure.

They promised that distortions and inequities in the tax structure would be reduced.

"We believe that personal taxation makes up too large a proportion of total Government revenue, and that this balance needs to be redressed."

Targets for money supply growth would be set, and the effectiveness of monetary policy would be improved by making the financial system more efficient.

A Labour government would give a high priority to negotiating and running a consensus-based prices and incomes policy.

In arriving at the economy there would be concern to be open on the nature of the economic realities facing New Zealand. There would also be concern to consult and debate the issues.

"Only with this involvement and trust can we move away from the atmosphere of confrontation and lack of trust that has led to some groups seeking short-term gain at the expense of others," they said.

Steps would be taken to encourage and assist groups involved in various industries — firms, unions and consumers — to develop sector plans for the development of their industry.

"Where justified, a Labour government will support industries in their marketing efforts."

Steps would be taken to redress the increasing proportion of people becoming disadvantaged. "However, substantial relief will only be possible once the economy commences growing and creating new jobs."

In conclusion, Mr Lange and Mr Douglas said they believed the vast majority of New Zealanders would support understandable, determined and equitable policies, which led to more jobs and higher incomes.

CSO: 4200/753

FEDERATION OF LABOR WILL FOCUS ON WAGE ISSUES

Christchurch THE PRESS in English 14 Jul 83 p 1

[Text]

PA

Wellington

The Federation of Labour will still push for the end of the wage freeze and a \$20 a week increase for all workers in spite of a decision to end industrial action, said the secretary of the F.O.L., Mr K. G. Douglas, yesterday.

Earlier the F.O.L. had released copies of a circular sent to affiliates advising that the campaign of strikes over the \$20 claim would end on July 30.

Unions should still continue with "appropriate activities" and be prepared for further action, it said. The national executive of the F.O.L. had made the decision last week.

The industrial action had had a positive effect on the stand taken by the employers' representatives at the tripartite wage talks, the F.O.L. said.

"The improvements shown in the employers' position stem directly from the action taken by unions and district councils," it said. Attention now should focus on what the working

party on wage reform was doing.

The Minister of Labour, Mr Bolger, said last evening the action was a fiasco that union members grew sick and tired of.

In an address to the Wellington Chambers of Commerce, Mr Bolger said that the campaign showed just how far the trade union leadership was out of touch with the aspirations of New Zealanders.

Mr Bolger said it was clear that the campaign enjoyed little public support. "Now the F.O.L. has belatedly announced that the campaign will end," he said.

"Quite simply it was dying because trade union members were sick and tired of its futility."

In a reference to his moves to introduce voluntary unionism, Mr Bolger said, "I am certain that if union leaders have to justify their position or risk losing members there will be more constructive policies and fewer nonsensical campaigns such as the \$20 a week fiasco."

CSO: 4200/753

JOBLESS TOTAL RISES

Christchurch THE PRESS in English 14 Jul 83 p 1

[Text]

PA Wellington
Registered unemployment climbed 63.5 per cent in the year ended June 30, according to the Labour Department.

Figures released yesterday show 76,868 people registered as unemployed at the end of June, an increase of 1938 on the previous month and 29,868 more than in June, 1982.

The number of people either jobless or on special work schemes now stands at 112,724, up 3205 on the month before and 45.8 per cent more than last June's total of 77,319.

The Minister of Labour, Mr Bolger, said the rise in unemployment was disappointing. The Leader of the Opposition, Mr Lange, called it appalling.

It was conclusive proof the Government was paying lip service to dealing with unemployment, Mr Lange said. "Unless there is a fundamental economic change, and that means a change of government, unemployment will continue to rise."

He predicted it would reach 140,000 by the end of next year. It was already at the highest level since the Depression of the 1930s, Mr Lange said.

Mr Bolger said the figures "underline why the Government has emphasised

the importance of growth in the economy if New Zealand is to win the battle against unemployment."

"The level of unemployment will only be reduced by constant effort from all sections of our society," he said.

The figures show that during June the number of people in private sector job creation programmes increased 99 to 15,227, while those in public sector schemes rose 1168 to 20,629.

Mr Bolger said the small increase in private sector jobs was perhaps the most disappointing aspect of the figures.

"Priority has been given to placing people in the private sector but this emphasis is not reflected in the figures."

"I'm sure the private sector can do better if it makes a concerted effort."

Labour's employment spokesman, Mr Peter Neilson, said the Government's "boom and bust election-orientated economic policies" were the reason private employers were not taking on more staff.

"Few employers wish to increase staff levels in an unstable economic environment."

Instead, they would rather meet increased demands for their products by

putting workers on overtime, he said.

Mr Bolger said some of the increase in unemployment in some South Island districts was not unexpected because of seasonal lay-offs.

The Prime Minister, Mr Muldoon, suggested to reporters that seasonal lay-offs could be behind the June increase in unemployment, although he would not comment on the rise during the year.

Mr Lange said the wage and price freeze must be held in large part responsible for the rising jobless level.

"The cost of every 1 per cent reduction in inflation under the freeze has been 3500 more people added to the unemployment register."

The rising unemployment was sad testimony to the Muldoon style of government, Mr Lange said.

Christchurch now has 6.7 per cent of its full-time work force registered with the Labour Department as unemployed.

GERMANS UNIMPRESSED BY INVESTMENT CLIMATE

Aukland THE NEW ZEALAND HERALD in English 16 Jul 83 p 3

[Text] New Zealand's trade union system contributes to the low level of West German investment in this country, according to the West German Minister of Economics, Dr Otto Count Lambsdorff.

Speaking on the second day of a five-day visit, Dr Lambsdorff said yesterday that level of German investment in New Zealand was unsatisfactory. It was less than that of Swiss companies and in only one other country in the world had he found that to be the case.

'British System'

Part of the reason, he said, was the fear German investors held of dealing with a multiplicity of unions within the one company.

"German industrial enterprises are used to dealing with one union in one company. They feel it is unsatisfactory if they have to deal with what they call the British system of labour unions."

Dr Lambsdorff said he agreed with New Zealand manufacturers who had

told him that industrial relations in this country should not be regarded as a hindrance to investment.

But German investors were unaware of industrial stoppage statistics and a number of other favourable criteria for investment in New Zealand.

Resources

The opening up of the Australian market through closer economic relations, the importance of the South Pacific market and of New Zealand's energy resources all needed to be brought to the attention of German investors, Dr Lambsdorff said.

The investment difficulties were in the forefront of talks Dr Lambsdorff had yesterday with the Prime Minister, Mr Muldoon, and other members of the cabinet.

Dr Lambsdorff said he

also had a useful exchange with Mr Muldoon on initiatives for international economic development and co-ordination.

No Change

He said his message to Mr Muldoon was the same as before.

The German Government believed that the usefulness and necessity of an international monetary conference should be studied.

"But we do not think we can go back to a system of fixed exchange rates."

"I don't think the Prime Minister means that... in fact he does not. Therefore we would like to avoid the quotation of Bretton Woods because it does lead to wrong implications."

"To have a second Bretton Woods would not work."

CSO: 4200/753

NEW ZEALAND BEEF EXPORTS RISE

Christchurch THE PRESS in English 23 Jul 83 p 6

[Article by Bruce Roscoe]

[Text]

New Zealand is exploiting an Australian beef shortfall to capture big portions of the Far Eastern market.

After several years of being unable to compete in South Korea, because of the dominant Australian presence, and unsuitable beef tender specifications, New Zealand companies suddenly have landed an important share of Government-let supply contracts.

Exporters also have successfully bid in the latest four Japanese Government beef tenders.

Though the volumes of beef to be shipped to Japan are not large, New Zealand trade sources say they are significant in the interests of New Zealand's ability to keep fielding a credible trade argument with Japan for tender specifications that take into account more New Zealand grass-fed beef as a quality option to the grain-fed North American product.

New Zealand companies will supply 3629 tonnes out of two tenders totalling 6000 tonnes put out in May and June by the South Korean National Livestock Co-operatives Federation.

The awards represent New Zealand's first beef

sales to South Korea for about four years.

"There is no doubt that there is now an on-going demand for imported beef in South Korea," said the Meat Board's Asian director, Mr James Leach.

"It has reached the stage where they have to import beef continually."

Mr Leach said the prices were "not spectacular" but "comparable with international levels."

Increasing New Zealand interest in competing for the Korean and Japanese tenders, Mr Leach said, was part of a concerted effort to be seen to be making every attempt to diversify markets.

This, Mr Leach said, would relieve the heavy dependence on the politically-sensitive North American market, which was tempered by voluntary restraint export agreements that were in danger of being triggered by a beef oversupply.

"We must not reach the trigger point," Mr Leach said.

Heavy Australian stock losses in the protracted drought and ensuing floods have enabled New Zealand to slice into the Korean market.

South Korea made mat-

ters easier by offering boneless tonnages large enough to warrant freighters going across from Australia to pick up the New Zealand cargo. Previously, except for a few tonnes, all Korean tenders have been for bone-in beef which New Zealand works are not geared to process.

Trade analysts in Tokyo, however, see in the sudden Korean willingness to accommodate New Zealand beef a retaliation against Australia for its alleged discrimination against manufactured Korean goods, though officials explain it away as merely a Korean exercise in diversifying sources of supply.

There is some evidence that South Korea's higher beef demand may be permanent. The "Korea Herald" says the surging imports reflect changes in Korean dietary patterns.

Meat imports in the first five months of this year, the newspaper noted, rocketed by 60 per cent to \$66.42 million over the \$40.95 million in the same period last year.

However, beef exports have risen to such an extent that the Korean Government has been pushed to place a 10 per cent surcharge to shield local producers.

"By raising the imported beef price," the newspaper said, "the Government hopes to kill two birds with one stone — discourage excessive demand for imported beef and encourage the eating of pork."

More New Zealand beef should find its way into big-city Japanese supermarkets because of unusually good performances by New Zealand exporters in the June and July tenders let by the Governmental Livestock Industry Promotion Corporation which monopolises imports and controls domestic demand and prices.

New Zealand, according to Japanese trade sources, won about 600 tonnes, or 9 per cent, of one June tender and about 900 tonnes, or 9 per cent, of a larger June tender, compared with about only 0.5 per cent of the March tender.

Its showing in the July tender was just under 4 per cent, reflecting, market sources say, low Australian prices and possibly a shortage of supply in New Zealand.

AUSTRALIANS UNDERCUT LAMB SALES

Auckland THE NEW ZEALAND HERALD in English 19 Jul 83 p 1

[Text]

Herald Corres Tokyo

Japanese buyers are calling a halt to New Zealand lamb shipments as Australian exporters continue to dump carcass lamb in Tokyo at well below market prices.

Kanematsu Goshu Ltd, the biggest single Japanese trader of New Zealand lamb, last week cancelled a contract for 200 tonnes ordered for September.

The Meat Board's Asian director, Mr James Leach, said more cancellations could follow.

Kanematsu's lamb importing division has stopped purchases from New Zealand and expects more clients on the northerly island of Hokkaido, where there is a strong sheepmeat-eating tradition, to renege on deals in favour of cheap Australian lamb.

Lamb carcass trading in Tokyo was suspended last week when Australian sellers quoted US 67.5c a pound, 16.5c less than quo-

tations for the New Zealand product.

Wait and See

"The Japanese are completely baffled by the Australian prices. They are taking a pause to work out what is going on," one market analyst said.

"If anything, the buyers are waiting to see if the Australian price will drop any further, and those who would have bought New Zealand lamb are waiting to see if our prices drop," said Mr Leach.

But he said the Meat Board would probably not try to match Australian prices, which were below New Zealand production costs, and would stop selling instead.

Australian sellers had undercut New Zealand in previous seasons but this season's example was the worst.

Australia's off-loading of cheap lamb in Tokyo was ruining New Zealand efforts to promote the product as an up-market quality table meat, Mr Leach said.

Producer Suffers

"Dumping works against the long-term interests in this market of both the New Zealand and Australian producer. Once the price goes down it takes a long time to get it back up," he said.

"The fact that Australian exporters can sell at these ridiculously low prices suggests that the producer is not being paid a fair price for his product."

CSO: 4200/753

SOVIET ACTIONS ENDANGER DEEP SEA FISHING INDUSTRY

Auckland THE NEW ZEALAND HERALD in English 16 Jul 83 p 1

[Text]

Russia could virtually pull the plug on New Zealand's deep-sea fishing industry if it pursues an apparent attempt this week to break a ban on Russian research ships in New Zealand waters.

The deep-sea fishing industry is in a crucial stage of development and highly dependent on foreign craft and expertise at this stage.

Eight Russian boats are working in New Zealand waters under charter to local companies.

And multimillion-dollar investments in shore processing plants, market development and boats would be at stake if Russia withdrew all the chartered trawlers.

Russian Ships

This week four New Zealand fisheries researchers left a Russian trawler, the Dolomit, at sea after they say the captain received orders from the Soviet Ministry of Fisheries not to allow the research to go ahead.

The Soviet ministry

wants the research done by specially equipped Russian research ships, which would also have Russian scientists. But the New Zealand Government banned Russian research ships after the Russian invasion of Afghanistan.

The Ministry of Agriculture and Fisheries also claims the right, according to Law of the Sea conference agreement, to determine fish stocks and set catch quotas without Russian scientific involvement.

Official Report

Government ministers have been careful not to

make a political issue of the Russian move.

The Minister of Foreign Affairs, Mr Cooper, said yesterday that the dialogue on the issue needed to be between Sanford Ltd, and the Minister of Fisheries, Mr MacIntyre.

And Mr MacIntyre would not comment on the incident, saying he was waiting for a report from officials.

If Russian trawlers are withdrawn from New Zealand waters, the possible losses would be many more times the \$5 million which the New Zealand industry may lose from the cutting

short of the Dolomit's research voyage.

Under the deep sea-company catch quota system most local companies are using a majority of foreign boats to take their catches. Most of the boats are Russian-owned.

Strategically

There are also about six Japanese deep-sea trawlers and a few local boats, including the Otago Galliard and Otago Buccaneer owned by Fletcher Fishing Ltd.

In Auckland yesterday, the managing director of

Fletcher Fishing, Mr Eric Henry, said. "It is strategically important for the country that local boats take the deep-sea catch.

"I am not saying that because of the latest incident; that is another matter."

Fletcher Fishing is not yet ready to bring more local boats into its deep sea fleet. The main problem is that most of the lucrative orange roughy quota goes to companies using Russian and Japanese trawlers.

Mr Henry said. "We would like to know when more of the others are to get New Zealand boats."

SOVIET TRAWLERS ADVISED TO ABIDE BY RULES

Auckland THE NEW ZEALAND HERALD in English 18 Jul 83 p 1

[Text]

Russian trawlers will be sent packing by a local fishing company, which has them on charter, if Russian officials overrule its commercial decisions.

The managing director of Sanford Ltd, Mr N. L. Mills, said: "We have sent a telex to Moscow and laid it down the line."

Sanford had the Russian trawler Dolomit on charter and was caught in the crossfire when officials in Moscow said the boat was not to continue a research voyage for New Zealand fish scientists.

As the charterers of the Dolomit, Sanford had contracted to do the research work as part of a normal commercial voyage.

Fairly Common

The practice has been a fairly common one in the past as New Zealand does not have its own deep-sea research ship.

"We have virtually said there will be no more charters unless we control the boats," Mr Mills said.

Through its subsidiary Sanmar Fisheries Ltd, Sanford has several large Russian trawlers on charter but Mr Mills said the com-

pany was prepared to expand another venture with Japanese interests of forced to by the Russians.

Mr Mills said he was still awaiting an explanation from Moscow regarding the Dolomit incident.

He said Sanford could expand its operations through another subsidiary Feron Seafoods Ltd as an alternative. Feron has a large Japanese trawler on charter from the Nichiro fishing company.

Though not stated by Mr Mills, the question of control of foreign fishing boats in New Zealand waters is a key issue in the Dolomit incident which the Minister of Fisheries, Mr MacIntyre, must address himself to.

Under the company catch quota system New Zealand fishing companies are responsible to the ministry for the control of all the craft in their fleet.

No Russians

The jurisdiction of the company, Sanford, in that incident was overruled by Russian fisheries officials.

Mr MacIntyre will receive a report today from the assistant director general of the ministry, Mr John Belgrave.

The ministry has had strong practical offers of support to continue the

deep-sea fishing research which was curtailed by Russia.

The options open to the ministry include the use of local boats and possibly Japanese and South Korean, according to the director of the research division, Mr Duncan Waugh.

Mr Waugh met his staff during the weekend, and last night he said there were matters which had to be resolved for the research programme to be continued.

One was whether the orange roughly would be around during August to September in such profusion as during the spawning period in July to August.

Tenders would probably be called for a suitable boat but would be unlikely to include any Russian offers.

"I do not think they would qualify," Mr Waugh said.

Japanese or Korean boats could be available and Mr Waugh said that on Friday four New Zealand companies rang the ministry to offer help.

"they realise the importance of this project and are willing to have a go."

CSO: 4200/753

COLONEL KILLED IN AMBUSH

Manila BULLETIN TODAY in English 28 Jul 83 pp 1, 9

[Text]

BAROBO, Surigao del Sur, July 27 — A police colonel was killed while a town mayor survived in two separate ambushes staged by armed men believed to be New People's Army rebels in this town and in Bislig, Surigao del Sur, last Sunday.

The slain military official was identified as Col. Lufonio Aquino, of Regional Command 11 assigned in Surigao del Sur.

His companions were a policeman of Barobo identified only as Patrolman Asuncion and two other militia men who were all wounded.

Asuncion was driving his service vehicle on the way to Davao City when ambushed at a secluded place along the cemented highway near the Barobo recreation center.

The first volley hit the colonel in various parts of the body, killing him on

the spot.

In the other ambush, Mayor Candelario Viola of Hinatuan was in a jeep bound for Mangagoy to negotiate for the purchase of lumber materials for a project in his town when attacked.

With the mayor were a security aide and two members of the Civilian Home Defense Force of his town.

The first volley killed the mayor's aide, identified as Fernando Canal, Jr. The mayor and his two CHDF companions were able to jump off their seats and take cover in a ditch.

The militiamen and the mayor fired back at the ambushers who were estimated to be about 30.

Viola's group retreated towards the scaling station. (Romy C. Chan)

CSO: 4200/752

NEDA TO REVIEW 5-YEAR DEVELOPMENT PLAN

Manila BULLETIN TODAY in English 28 Jul 83 pp 1, 9

[Text]

A review of the current five-year development plan will be undertaken by the National Economic and Development Authority (NEDA) to place new emphasis on agriculture and the rural sector, Director-General Vicente Valdepeñas, Jr., disclosed yesterday.

Speaking before the Makati Business Club, Valdepeñas said the main objective of the review will be to encourage private sector investments in agribusiness and in large-scale agricultural projects.

Valdepeñas, who is concurrently the economic planning minister, said that the agriculture sector seems to have been left behind in the overall effort to mobilize private initiative.

Since two thirds of the

country's population is in the rural areas, the thrust of development should be directed towards increasing productivity and incomes of people in these areas, he said.

By doing so, he said, the incidence of poverty is not only reduced, but purchasing power is increased and demand for goods produced by industry is stimulated. Moreover, he said, food prices are stabilized.

He said the government is committed to a balanced agro-industrial development.

He said the NEDA will also initiate a subsidiary review of pricing policies and subsidies in the agricultural sector to rationalize government policies along this line.

"There is no substitute

for price incentives and increased farm productivity," Valdepeñas pointed out.

The review, he said, will also cover the reorganization of various government agencies involved in the farm sector. For instance, he said, there is a need to rationalize the operating relationship between the Ministry of Agriculture and the National Food authority.

CSO: 4200/752

EDITORIAL EXAMINES WORLD BANK INTERVENTION

Manila BULLETIN TODAY in English 28 Jul 83 p 6

[Text]

SOMETIME ago, the World Bank was roundly criticized by some officials for what they considered its undue intervention in Philippine affairs. The ongoing series in this paper on Philippine agriculture reports specific instances where the World Bank has expressed criticism of Philippine government controls on the prices of agricultural products like rice, sugar, and coconut oil.

Bank officials probably feel that since they lent us a lot of money, they would like to see that we will be able to pay it back. For example, increased rice production and exports would help earn dollars for the country but first, farmers would have to be given better prices as an incentive to produce more.

The government, however, has controlled rice prices in the interest of the consuming public,

knowing that any undue increase in rice prices is bound to have a domino effect on other commodity prices. Thus the resistance to giving market forces full play in determining rice prices.

The Ministry of Agriculture, in replying to the World Bank observations on government controls, said government intervention is necessary in some areas under present circumstances. It admitted, however, that some controls can now be phased out, such as the fertilizer subsidy and, in times of surplus, the government monopoly of rice exports.

World Bank observations like this have given rise to the belief in certain quarters that it is intervening in affairs that should be entirely our own. We can always reply to such observations, however, and in the process of interaction, we can arrive at solutions that

PRICES STEADY, ONGPIN REPORTS

Manila BULLETIN TODAY in English 27 Jul 83 pp 1, 9

[Article by Willie Ng]

[Text] The Cabinet said yesterday that with the series of measures to hold down prices of prime commodities, the country could meet the inflation rate President Marcos targetted at 10 per cent and below.

Minister of Trade Roberto Ongpin, head of the Cabinet committee on prices, income, and wages, reported that price stabilization measures have received a good response from businessmen.

He added that the business community has promised to prevent drastic price increases of prime commodities.

Businessmen have agreed to postpone price increases until stocks procured at old prices are disposed of. Thereafter, price increases would be gradual should production and operational costs go up.

Ongpin took up these matters in talks with business leaders, including members of the Philippine Chamber of Commerce and Industry and the Federation of Filipino-Chinese Chambers of

Commerce and Industry.

He reported that the drug industry has promised to maintain current prices in a meeting with Minister of Health Jesus Azurin.

The management sector has adjusted well to the new minimum wage increase, Ongpin said, partly because the raises would be given in instalments: P2.50 in July and P1 next October.

He said inflationary that it was necessary to maintain such subsidized interest rates to farmers because of the decreasing flow of institutional credit to small farmers.

Increasing the CB rediscounting rates to rural banks would result in much higher interest rates for loans extended to farmer-borrowers. This, in turn, would discourage farmers from borrowing.

In irrigation, the government intends to continue subsidizing irrigation fees as part of the drive to increase farm productivity, stabilize production and prices, and distribute

the fruits of development more equitably.

The National Irrigation Administration has adopted the following policies governing irrigation subsidy:

1. Farmers are not charged interest on all government debts incurred for the development of irrigation facilities.

The NIA imposes fees to generate revenues just sufficient to cover the operation and maintenance costs and to recover investments within 50 years.

2. Irrigation fees should not discourage users from availing themselves of the benefits of irrigation. The fees should be within the users' capacity to pay.

Several measures are also being taken to reduce the costs incurred by government in maintaining and operating irrigation systems. These include the move to turn over communal systems to farmers' associations.

NEW CREDIT PLAN BARED

Manila BULLETIN TODAY in English 27 Jul 83 p 10

[Text]

A modified credit program for the second half of the year which essentially calls for a reduced rate of expansion in the supply of credit was unveiled yesterday by the Central Bank.

This credit budget for the rest of the year took into account the twin problems of narrowing down the balance of payments deficit and keeping inflationary pressures down.

Governor Jaime C. Laya, in his keynote address yesterday before the Bankers Association of the Philippines' seminar-workshop on interest rates, said that the credit program allows for a moderate expansion in money supply and in net domestic assets but in a magnitude that will not aggravate the BOP problem and trigger a demand-pull inflation.

He said the credit increase that may be allowed for the rest of the year is one that

would just be enough to meet the growth target of between two and three per cent.

Laya said that the CB was determined keep inflation rate in 1983 at between nine and ten per cent compared to 10.25 per cent last year. This target, he said, calls for a close monitoring of the supply of credit and the liquidity levels of the monetary system.

In the case of the BOP deficit, Laya it was still possible to realize the original projection of \$600 million for 1983, considering the outcome of the external accounts in May and June which already posted small surplus and the effects of the stabilization measures out into effect by the government like the downward adjustment of the peso-dollar exchange rate.

For the remaining seven months, Laya said total liquidity, which stood at P100 billion at the end of June, will increase

further by about P6.0 billion. Total domestic liquidity consists of currency in circulation, savings and time deposits, and deposit substitutes.

Net domestic assets, on the other hand, will further be expanded by P6.2 billion in the second half.

The private sector is to receive the lion's share (65 per cent) of the increase in net domestic asset and the public sector, the balance (35 per cent).

CABINET PRESENTS 1984 BUDGET

Manila BULLETIN TODAY in English 27 Jul 83 pp 1, 8

[Article by C. Valmorla, Jr.]

[Text]

Prime Minister Cesar E. A. Virata and the Cabinet presented to the Batasang Pambansa for approval yesterday the proposed P59.5-billion national budget for 1984.

In his budget message, President Marcos said no new legislative bills will be proposed to raise additional revenues so as not to erode the purchasing power of the people and stifle business initiative.

The money measure appropriates the following:

Office of the President — P1.08 billion; Office of the Prime Minister — P99.1 million; Executive Committee — P7.9 million; Batasang Pambansa — P124.9 million; National Economic and Development Authority — P177.4 million;

Ministries of Agrarian Reform — P245.3 million; Agriculture, P976.2 million; Education, Culture, and Sports, P5.6 billion; state universities and colleges — P1.6 billion; Energy — P74.7 million; Finance — P638.2 million;

Foreign Affairs — P506.9 million; Health — P2.2 billion; Human Settlements — P978.9 million; Justice — P421.5 million; Labor and Employment — P115.6 million; Local Governments — P233.2 million; National Defense — P8.4 billion;

Natural Resources, P974.3 million; Public Works and Highways, P1.8 billion; Social Services and Development, P349.1 million; Tourism, P84.9 million; Trade and Industry, P285.5 million; Transportation and Communications, P669 million; judiciary — P550.7 million; constitutional offices — P563.2 million; Tanodbayan — P11.1 million; autonomous regions, P69.4 million;

Calamity fund — P1.5 billion; corporate equity investments — P5 billion; international commitments fund — P700 million; national assistance to local government units — P7.5 billion; national priorities support fund — P6.1 billion; benefit fund — P1 billion; property insurance

fund — ₱200 million; social pricing and development adjustment fund — ₱310 million; and general fund adjustment — ₱1.2 billion.

The President noted that some ₱17.6 billion or 29.7 per cent of the 1984 budget is allocated for economic services.

"Our economic strategy focuses on agricultural and industrial development activities, particularly those which complement the KKK concept of establishing livelihood centers on the barangay level," the President said.

He said the KKK, which has significantly generated small and medium-scale ventures will be allotted ₱400 million next year.

The President said the initial success of the KKK is reflected in

the opening of 12,868 small-scale ventures and the fairly high rate of loan repayment.

About 89 per cent of total loan approvals have been released, directly benefiting 222,590 people. About 44 per cent are in Mindanao, indicating government's concern for less developed areas.

Meanwhile, the Batasan continued its debate on the proposed Penal Code of the Philippines. Present during the debate as resource person was former Sen. Ambrosio Padilla.

The bill was sponsored on the floor by Assemblyman Alex Fider (KBL Metro Manila). At presstime, opposition Assemblyman Filemon Fernandez (Pusyon Bisaya, Central Visayas) was interpellating on the floor.

NAVY SINKS MNLF BOAT

Manila BULLETIN TODAY in English 26 Jul 83 pp 1, 11

[Text]

Maj. Gen. Delfin C. Castro, commanding general of the Southern Command, reported to Camp Aguinaldo yesterday that a naval patrol sunk a rebels' pumpboat off Tawi-Tawi Friday, killing six members of the Moro National Liberation Front.

Castro informed Gen. Fabian C. Ver, Armed Forces chief of staff, that the Tawi-Tawi encounter was the second between a Navy patrol and MNLF rebels in four weeks.

Last month, the BRP Magat Salamat encountered a seaborne unit of the MNLF in Siasi, Sulu.

The Magat Salamat, on an anti-infiltration patrol, traded shots with MNLF unit and killed 15 men.

In the Tawi-Tawi encounter, Castro said the vessel was trying to sneak into the island when the PCF 323 spotted it.

The naval patrol craft signalled the vessel to stop. Instead of heeding the signal, the MNLF men aboard opened fire.

The Navy boat gave chase and returned the enemy's fire.

After receiving heavy gunfire from the PN patrol craft, the pumpboat sank off North Mandolan island in Tawi-Tawi.

CSO: 4200/751

RURAL BANKS GET CREDIT SUPPORT

Manila PHILIPPINES DAILY EXPRESS in English 29 Jul 83 pp 1, 3

[Text]

PRESIDENT MARCOS announced yesterday a new package of measures designed to strengthen the rural banking system and improve credit schemes and programs. He said these measures should speed up economic rural development.

Keynoting the 30th annual convention of the Rural Bankers Association of the Philippines in Malacanang, the President directed:

- A review of agricultural credit policies so that priority will be given to food production and non-traditional exports.

- The Central Bank and the Philippine Crop Insurance Corporation to facilitate the payment of interest on loans granted to farmers whose rice and corn crops are damaged or destroyed by calamities.

- **EXTENSION** of guarantee payment for Masaganang Maisan and Maisan 77 loans, in addition to the coverage of past due accounts under

the Masagana 99 program.

- Acceleration of the development of income- and employment-generating projects to give farmers added productive opportunities in between planting and harvesting.

- The Central Bank and the Ministry of Trade and Industry to allow more rural banks to participate in the cottage industry financing program.

- The Ministry of Budget to release P7.7 million to the Central Bank to augment the guarantee fund and raise the loan ceiling.

- The CB to place adequate sums in special time deposits with the rural banks, especially cooperative banks, to provide credit to Samahang Nayons and credit cooperatives.

- The Ministry of Human Settlements, the CB and the KKK secretariat to allow as many rural banks as possible to serve as financial conduits for the KKK program.

CSO: 4200/751

RELIGIOUS GROUP COMMEDED FOR SUPPORTING ADMINISTRATION

Manila PHILIPPINES DAILY EXPRESS in English 29 Jul 83 p 4

[Article by Teodoro F. Valencia in column "Over a Cup of Coffee"]

[Text]

THE IGLESIA in Kristo always supports the administration because it is a home-grown religion. Other religions are imported - they can get out of the Philippines without too much loss of membership. If the country deteriorates and gives in to chaos, the INK will be the biggest loser.

* * *

No religious group in the Philippines understands what government abuses can do to religious groups. I remember the 1946 elections and the one that followed it where the INK members were shooed off polling places and assaulted. Only when the INK closed ranks and delivered the vote did it flourish and gain the respect it now commands.

CSO: 4200/751

THREE PRIESTS ORDERED HELD

Manila PHILIPPINES DAILY EXPRESS in English 29 Jul 83 pp 1, 2

[Text]

TANDAG, Surigao del Sur — Three parish priests in this province, two pastoral workers and several lay leaders have been ordered arrested by Judge Geronimo P. Castano of the municipal trial court of Tandag, it was learned yesterday.

The three priests were identified as Fr. Donald Aloy, of Tago; Fr. Francisco Olvis, of Hinatuan and Fr. Francisco Navarro. All three, along with pastoral workers Fe L. Nicandra and Erlinda Valenton, were charged with rebellion.

Included in the criminal complaint were prominent leaders Alicia Cortes Baloran, Jose Adorable Jr. and Herminigildo Pimentel Jr., a Mindanao Alliance candidate for board member in the last local elections.

IT WAS gathered that the accused participated in a symposium at the St. Theresa College compound here last July 4.

During the symposium, the suspects distributed subversive leaflets and delivered speeches that

incited people to rebellion, the military said.

Col. Jesus Hermosa, deputy regional commander of the PC recom XI, recommended the immediate issuance of a presidential commitment order (PCO) against the suspects.

PC Investigator Virgilio A. Ortiz, said no bail has been recommended for the temporary release of the accused. — Mike Crismundo

CAGAYAN DE ORO. — More than 5,000 people greeted Cagayan de Oro Mayor Aquilino Pimentel as he arrived before sunrise yesterday from three months in a military stockade.

Pimentel has been released under house arrest by President Marcos who earlier ordered his arrest on rebellion charges.

Pimentel arrived with military guards aboard an inter-island vessel from Cebu. Pimentel said he would resume running the city government, but would set up office in his house since the military said he must remain there as he prepares for a trial in Cebu. (AP)

CSO: 4200/751

IMPORTS OF CAPITAL GOODS CURBED

Manila PHILIPPINES DAILY EXPRESS in English 28 Jul 83 p 10

[Text]

THE Central Bank yesterday restricted the importation of capital goods, machinery and equipment in line with the belt-tightening program of the government.

Under the new policy, the CB said it will only allow the importation of capital goods, machinery and equipment with an aggregate value of \$50,000 or more within any one calendar month provided the proposed importations are:

- Covered by suppliers' credit or
- Are financed through Asian Development Bank and/or World Bank credit lines, including the APEX facility.

This new policy, contained in a Memorandum to Authorized Agent Banks dated July 25, revoked the provisions of a memorandum dated Sept. 8, 1971 on the same subject as well as other issuances that may be inconsistent with the new rule.

Capital goods, machinery and equipment covered by the new rule are those listed under Section 7 of the Philippine Standard Commodity Classification Manual.

THE CB stressed that all import applications under the above-cited rule should be referred to the CB's management of external debt and investment accounts department (MEDIAD) for prior approval of the financing terms.

The CB said importations of capital goods with an aggregate value of less than \$50,000 within any one calendar month are not covered by this requirement.

In the case of importations of capital goods, documents against acceptance (D/A) or open account (O/A) arrangements, the required CB clearance should first be obtained before the transaction is affected.

The CB added that applications of firms registered with the Board of Investments (BOI) or the Export Processing Zone Authority (EPZA) should be accompanied by certifications by either agencies as the case may be, that the items proposed to be imported will be for the importer's end-use in its BOI/EPZA registered manufacturing activity.

CSO: 4200/751

RELIGIOUS SECTS SCORED FOR CODDLING SUBVERSIVES

Manila PHILIPPINES DAILY EXPRESS in English 28 Jul 83 pp 1, 3

[Article by Miguel Genovea]

[Text]

PRESIDENT MARCOS deplored yesterday the actuations of leaders of religious sects who refuse to admit that some of their clergy have joined the rebels in fighting the government.

The President expressed his displeasure in the speech during the 69th anniversary luncheon of the Iglesia ni Kristo in Diliman, Quezon City.

"If they do not believe this, why don't they join us and the armed forces and listen to the testimonies and statements of their members?" the President asked.

In his remarks, INK chief minister Erano G. Manalo lashed out at religious leaders who allow their followers to join subversives and who use the foreign media in "washing dirty linen" abroad. He pledged that the Iglesia will continue to support the administration.

IN HIS SPEECH, the President said that the established principle on the separation of the church and the state should not be an obstacle in common endeavor to improve the life of the people.

The President, however, noted

that of all the religious organizations, the INK, has, from the beginning, been helping the administration in maintaining peace and order.

He expressed the gratitude of the entire Filipino people to the INK for its continued assistance and support of the government in the national development effort.

THE PRESIDENT also renewed his appeal to the people to help in attaining progress.

"Without the people's help on whatever the government does, it would fail in solving the economic problems facing the world today," the President said.

The President explained that in the effort to promote prosperity, it is necessary to lay a strong moral and spiritual foundation in the people, and these can be fostered by religious and educational institutions.

THE PRESIDENT cited his personal friendship with Bishop Erano Manalo, head of the INK, whom he said he has known since he became a congressman.

He cited the INK as a religious organization which he said has never

faltered in providing spiritual as well as moral assistance to the people. He cited, among others, the establishment of eight resettlement areas by the INK even before the land reform program, the continuing "Lingap sa

"Mamamayan" launched last year, and the missions reaching outer rural areas.

INK Chief Minister Erano G. Manalo lashed out at religious leaders who allow their followers to join the subversives and who use the foreign media to "wash dirty linen" abroad.

Manalo said the Iglesia is pledged to support the policies and goals of the administration because, he said, it advocates not only democracy and stability but also strictly observes freedom of worship.

Speaking in Pilipino, Manalo said that if the Iglesia has any grievance, his church brings it to the attention of the authorities concerned and that even the President is aware of it.

In contrast, he said, other religious leaders go to the foreign media to "scatter dirt" which, according to Manalo, he considers to be an act of treachery to the nation.

Responding to the address of Bro Erano Manalo, INK chief executive minister, the First Lady and Human Settlements Minister Imelda Romuladez Marcos said that, as KKK secretary-general, she is aware that the first ones helping the KKK program in Metro Manila are the INK leaders, because instead of the KKK secretary-general going around to the people, it is the INK leaders who go to the KKK to look for projects to bring to the people.

To Manalo's comment that the INK "ay naa-api" the First Lady replied that "Ang Tatay at Nanay, ang na-api ang palaging binibista because we understand each other, because we know we love each other, because the source of our understanding comes not from the mind but from the heart."

CSO: 4200/751

COMMODITY PRICES TO RISE

Manila PHILIPPINES DAILY EXPRESS in English 28 Jul 83 p 1

[Text]

PRICE ceilings of six prime commodities will be increased by an estimated 10 percent by the Price Stabilization Council in two to three weeks, Vice Gov. Ismael Mathay Jr. said yesterday.

The commodities affected are rice, sugar, canned milk, canned fish, poultry, and pork.

He asked pork and meat dealers and vendors to hold present prices until the new ceilings are set.

The PSC has pegged price ceilings of pork cuts such a liempo and pork chop at P18.15, "lomo" at P22.20, "paicot" at P12.40, and the head and "empella" at P8.45 and P8.80.

Mathay and Mayor Bagatsing met with some 150 Manila vendors and dealers after learning that vendors in Paco and in Quezon City have refused to sell pork since Monday, saying they could not sell the old prices because they won't make a profit.

THE Board of Transportation, started yesterday the distribution of fare guides to public transport operators.

Commissioner Raoul V. Victorino said the fare guides must be posted inside passenger vehicles.

Owners of passenger vehicle who fail to post the guides will be fined from P500 to P1,000, or have their franchises cancelled, Victorino said.

IN METRO MANILA, the minimum fare (good for a trip of four kilometers or less) for jeepneys is 70 centavos and for buses, 65 centavos. The rate for both buses and jeepneys for trips exceeding four kilometers is 16.5 centavos per kilometer after the fourth kilometer.

Victorino also said the Ministry of Public Works and Highways will soon install kilometer post markings to guide passengers.

CSO: 4200/751

COCONUT EXPORTS POSTED GAINS

Manila PHILIPPINES DAILY EXPRESS in English 26 Jul 83 p 9

[Text]

THE country's coconut products exports posted an increase of nearly 17 percent in volume and more than 18 percent in value in June, reversing the past 18 months' decreasing exports, the Philippine Coconut Authority (PCA) said.

Coconut oil led coconut products in exports with the first six months' total for crude and refined oil of 473,951 tons valued at 188.2 million dollars and accounting for 57.3 percent of total export volume and 71.8 percent in value.

The first six months' exports this year however continued to show a downward trend as the PCA said the effects of the upbeat coconut market abroad are just starting to be felt.

JUNE exports in copra terms totalled 182,169 tons valued at \$61.53 million, up 16.9 and 18.3 percent in volume and value, respectively, over June last year during which 155,834 tons were exported valued at \$51.99 million.

Semi-annual totals showed exports were 827,686 tons worth \$262.1 million compared with exports during the corresponding period last year of 1,005,983 tons worth \$356.4 million or drops of 17.7 percent in volume and 26.5 percent in value.

There were no copra exports in March, April, May or June, holding its total to 12,325 tons valued at \$3.5 million for the six months. (AFP)

PRIESTS REPORTEDLY TRAINING REBEL CADRES IN SOUTH

Manila PHILIPPINES DAILY EXPRESS in English 26 Jul 83 p 6

[Article by Mel Parale]

[Text]

SOME PRIESTS in the South who have gone underground have taken charge of training rebel cadres for agitation and sabotage missions in the provinces, according to documents that fell into government hands recently.

The expanded role of rebel priests was confirmed by intelligence operatives who saw a clash looming between renegade priests and parish priests opposed to the use of the Church for political and ideological purposes.

Military authorities declassified documents indicating that the first batch of cadres trained by rebel priests has been sent to remote towns to agitate the people.

* * *

CAMP AGUINALDO sources identified some of the priority targets of the dissidents as the remote towns of Bohol and nearby areas.

The rebel priests, among them Fr. Nick Ruiz of Catbalogan, Samar, were reported to have organized a big team trained in dramatizing the failures and malpractices of local officials.

The report that Bohol towns were among the priority targets of the agitation drive prompted Bohol priests to form a common front against the use of violence in pursuing social reforms.

* * *

BISHOP Onesimo Gordoncillo, who has jurisdiction over Bohol's 47 parishes, fired the first salvo with a call to church militants that the Church should never be identified with any political community.

Gordoncillo's position was made in a weekend public forum with civil and military officials led by Maj. Gen. Josephus Q. Ramas, army chief.

CSO: 4200/751

RULING PARTY ACCUSED OF POLITICAL RUSE

Manila BULLETIN TODAY in English 27 Jul 83 p 6

[Article by Jesus Bigornia]

[Text]

THAT ancient incident at the Valley of Elah in Judah where the shepherd boy David slew the Phillistine giant Goliath of Gath with a stone from his sling is a far cry from the present Philippine political situation. But it does bear some slight parallels. Here, the giant political party, the Kilusang Bagong Lipunan, is challenging the puny and fragmented opposition to a poll duel "on equal terms." Stripping his armor and laying aside his javelin, the Philippine Goliath is taunting the local David to set aside his slingshot and come to grips with him in a battle to the death. The outcome is not too obscure to foresee.

On the surface, the offer of presidential spokesman Leonardo B. Perez for all parties to forego election inspectors in next year's election for the Batasan appears as a truly magnanimous offer. A second look reveals, however, its true nature: a ruse to deprive the opposition of what little recourse left open to it against possible poll irregularities. For who are likely to commit frauds that poll officers—administration-beholden public schoolteachers—would not dare stop except KBL partisans, a prominent oppositionist points out. Moreover, abandonment of the accreditation requirement will only encourage proliferation of parties, a development most welcome to the monolithic administration party. No wonder the Perez offer has had no takers.

CSO: 4200/751

GAS PLANT PROJECT FALLS BEHIND SCHEDULE

Kuala Lumpur BUSINESS TIMES in English 18 Jul 83 p 20

[Article by Soh Eng Lim]

[Text]

THE US\$320 million gas separation plant being built on Thailand's eastern seaboard is behind schedule and will be completed in 1985 instead of early next year.

Disclosing this in its 1982 annual, the Bangkok Bank said the olefin and other plants forming the Thai eastern seaboard petrochemical complex remained at the contract bidding stage.

"Only the LDPE (lower density polyethylene) plant has been completed and is now utilising imported raw material until the olefin plant comes on-stream," the report said in its "cautious appraisal" of the eastern seaboard development programme (ESDP).

It added that the chemical fertiliser plant (which forms part of the overall scheme) remained a mere proposal, although a pilot company had been formed "to explore ways and means to establish it."

Despite these setbacks, the development of infrastructural facilities for the complex, including the provision of water supplies, railways and roads and the acquisition of land for deepsea ports and industrial estates, had made steady progress.

The report said that among the factors impeding plans for a petro-

chemical industry in Thailand was the shortfall in natural gas supplies from the Erawan field to only one third of the contracted amount.

Moreover, the deep and prolonged recession causing a world oil glut and a softening of oil prices had made it difficult for the Thai government to reach agreement with concessionaries on the prices to be paid for the country's natural gas.

The prevailing economic climate had also caused investors to hesitate to put their money into industries whose products faced weak demand.

The report argued that the delays in the ambitious plans for developing the Thai eastern seaboard were not wholly disadvantageous.

"Delays have offered us a chance to learn from the mistakes of other nations which overreach themselves in their efforts to achieve national development through the exploitation of petroleum resources, building up such debts that they have had to resort to rescheduling and even more traumatic measures in order to keep themselves solvent," the report said.

It added that the delays might also provide Thailand with the time to acquire the most advanced technologies and to rationalise the investment in the industries con-

cerned so as to obviate the need for excessive protection or subsidies.

Noting that the first flow of natural gas from the Erawan field and the construction of the gas separation plant marked major advances in the exploitation of Thailand's energy resources, the report warned that the next steps would be difficult ones.

"It is much more risk-laden than the development of other resources such as agro-based and labour-intensive industries in which we are already experienced," it explained.

"We cannot afford to go into petrochemicals simply for the prestige of having such industries," it stressed.

"This would hardly coincide with the national aspiration to use our resources wisely."

The bank further warned that the petrochemical industry should not be fostered at the expense of the agricultural sector which for centuries had formed the mainstay of Thailand's economy.

"Nor should we allow the development of this industry to widen the income gap between the urban and the rural population," it added.

The largest and most complex of its kind in Thai economic history, the ESDP is estimated to involve a total investment of 103 billion baht or

US\$4.5 billion (\$10.4 billion), of which 44 per cent would be funded from government sources.

Recognised as the largest commercial bank in Thailand (as well as the entire South-East Asian region), the Bangkok Bank realised the importance of the project and the role of the private sector in attaining its objectives.

For this reason, the report stressed, the bank had allocated material resources and personnel "for the study of the project to ready itself for active participation."

The development of the eastern seaboard (centring on the development of the petrochemical complex) forms the basis of Thailand's five-year development plan for the period up to 1986.

When the entire project is completed, it is envisaged that Thailand would save US\$1 billion a year in energy costs.

The gas separation plant being built is designed to break down 350 million cubic feet of gas a day into "component" products like ethane, propane and liquefied petroleum gas (LPG).

Of the 10-odd gas fields so far discovered off Thailand's eastern seaboard, only Erawan (worked by Union Oil of California) is currently in production, "landing" between 120 and 150 million cubic feet of gas a day.

RTN DEFENSE PLANS NOTED

Kuala Lumpur ASIAN DEFENCE JOURNAL in English Jun 83 pp 4, 6

[Text] External threat and uncertainties in the region have been the reasons behind efforts by Thai Armed Forces to boost up their defence capabilities. The Royal Thai Navy (RTN) is no exception, as its Commander-in-Chief, Adm Somboon Chuapibul, said in an interview with a Thai newspaper: "We feel there is a threat from foreign forces by sea. A strong naval fleet will serve as a deterrent to any sea invasion."

With such rationale in mind the RTN has designed a five-year plan aimed at modernizing the Navy and at beefing up its defence capability. Under the plan the RTN will upgrade its arsenal with an array of modern armaments as well as enlarge its fleet, ranging from fleets of patrol and landing craft to sophisticated guided missiles and electronic-controlled artillery units.

According to Adm Somboon, two submarines are on the list, scheduled to be acquired probably in 1987. At least 16 patrol and landing crafts are being constructed in an effort to enlarge the RTN fleet to be capable of covering Thailand's long coastal territory. Old ships, for instance the warship "*Mongkut Rajakumarn*," are to be modernised -- their electronic systems to be improved, their weapons to be replaced with more modern and powerful ones.

Adm Somboon pointed out that the latest and probably most interesting item to be added to the RTN ships are a series of long-range guided missiles which the

US has agreed to sell to the RTN. They include Harpoon, Sea Skimmer, and Sea Sparrow anti-ship missiles. In addition to these missiles, the RTN will acquire several Phalanx 20-mm machine-guns for its ships. Convinced by its success in the Falklands war, the RTN is in the process of purchasing more Exocet missiles to add to its existing fire-power. To accommodate these missiles, the RTN is in the process of negotiating for the construction of two Corvette-class warships, each displacing about 800-900 tons. The RTN is proposing to the Thai government for funds for these two new ships.

Moreover, Adm Somboon said that to increase the reconnaissance capability, it has signed a contract with the Netherlands for the purchase of two Fokker-27 aircraft which can be equipped with air-to-surface missiles. This type of two-engine turbo-jet aircraft will have an electronic target identification system. It is also capable of making long-range reconnaissance flights over the Gulf of Thailand.

The RTN plans to enlarge its marine forces both in the eastern and southern coastal areas. Their M-16 assault rifles will be replaced by locally-assembled HK-33 rifles. Moreover, additional 105-mm and 155-mm howitzers will be ordered to enlarge the existing artillery batteries. An anti-aircraft and coastal defence artillery battery will be set up at the Sattahip wing base.

CSO: 4200/756

MILITARY AFFAIRS AND PUBLIC SECURITY

MILITARY UNIT RE-EDUCATES DELINQUENT YOUTHS

Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Jun 83 p 2

[Article by Le Hong Khe: "A Unit That Does a Good Job of Re-Educating Youths Who Have Violated the Law"]

[Text] In the education of youths, one of the issues with which many persons are concerned is that of how to teach those youths who are slow to make progress, especially how to re-educate youths who have violated the law so that they become productive members of their families and society. Many localities and basic units have been doing a good job of educating youths who are slow to make progress. Here, we would like to talk about one of the basic units that has done a good job of re-educating youths who have violated the law. The unit is Unit K13 in Military Region 3.

Over the past several years, K13 has received for re-education many persons who have violated the law, about 90 percent of whom have been youths. After spending some time at the unit, 50 percent of the persons sent there for re-education have their sentences reduced and 12 percent are released ahead of schedule. Practically all of the violators and their families are grateful for the re-education provided by the cadres and soldiers in charge of the camp. This gratitude has been expressed in hundreds of letters sent from the various localities to the unit. Miss Pham Thi G., from Ho Chi Minh City, sent a letter to the comrades in charge of the camp, which read:

"Having heard a lot of hearsay before he was sent for re-education, I visualized the persons at the camp being sick, weak and physically abused but when he was permitted to leave the camp to visit with us, when I was able to meet and talk with youths in the same circumstances, I saw even more clearly that you have displayed a noble feeling of fraternity toward those who have committed crimes. As I watched the persons at the camp work, I saw that everyone was happy and relaxed and that the soldiers treat them politely. I was most happy to see the true change my husband exhibited by the way that he spoke to and treated me and the children during the days of our visit, which is an indication of the impact that the heart-felt education provided by the camp leadership committee has had. Now that he has been released to rejoin his family, my family is extremely grateful to the revolution for educating my husband and helping him to become a law abiding person. Since his return, my husband has displayed diligence toward his job and treated everyone in the

family better, especially me and the children; he even cooks very well and I think that he is now so handy around the house because of the many different things he learned to do while at the camp."

In fact, every violator of the law who is sent for re-education at K13 is, depending on his age and health, assigned a job in one of more than 10 different trades: raising livestock, raising crops, masonry, carpentry, the blacksmith trade, baking lime, making bricks and so forth in more than 10 production units. Over the past several years, the results from the crop and livestock production carried out by the persons at the camp have increased markedly: 1979: 15 tons of grain, 12 tons of vegetables and 1 ton of dressed pork; 1980: 11 tons of grain, 16 tons of vegetables and 2.5 tons of pork; 1981: 21 tons of grain, 24 tons of vegetables and 2.1 tons of pork; 1982: 16 tons of grain, 27 tons of vegetables and 2 tons of pork. In addition, the violators of the law have also participated in the construction of 605 square meters of housing.

In addition to the ration standards met by the state, the violators of the law also enjoy a reasonable percentage of the fruits of their labors.

This was why, after he returned home, H.D. from Hai Hung wrote a letter to the camp in which he reported:

"My neighbors, my relatives, my friends...everyone is happy for me and thinks the same thing, namely, that I was educated and transformed by the party, the state and the army and will surely become a good person. I grew up a lot during my days at the camp and truly mean it when I say that I have a very high opinion of the re-education provided by the camp and will always remember the model persons I met there, the persons who re-educate violators of the law on behalf of the party, the state and the army."

Or, as Th. Tr. from Ha Nam Ninh wrote to his friends while still at the camp:

"On the day that I return home, I will be healthy and strong and everyone will praise the humanitarian policy of our party and state towards persons who have committed crimes. We are trying to transform ourselves in order to have our sentences reduced and quickly rejoin our families. And what are the cultural activities of the camp like? I will try to arrange for you to come on 22 December to visit with the Board of Supervisors, visit my friends and see how progressive the theatrical art of the camp is."

Nguyen C., from Ho Chi Minh City, sent a letter in which he reported:

"Because they had been lied to and deceived by the enemy, many persons here did not have much of an understanding of the humanitarian policy of our party and state; however, when they saw me upon my return from the camp, when they saw that I am in good health, everyone realized that the policy of our party is very humanitarian and everyone now clearly understands our beautiful system. As we must remember the source when drinking water, I am extremely grateful for the re-education provided by the camp."

Due to the outstanding achievements it has recorded in the re-education of persons who have violated the law Camp K13 has been a "determined to win" unit for many years in a row and was awarded the Military Exploit Order Second Class following 4 years of excellently carrying out the major campaign of the army.

7809

CSO: 4209/465

MILITARY AFFAIRS AND PUBLIC SECURITY

CHINESE INFILTRATOR APPREHENDED

Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Jun 83 p 3

[Unmasking the Enemy column by Pham Ngoc Toan: "The Man Who Returned to His Wife's Native Village"]

[Text] One evening late last year, two shadowy figures were seen walking along the sandy road leading into H. Hamlet in Giao Lam Village (Xuan Thuy District, Ha Nam Ninh Province). The woman who was in the lead was carrying a small bag and wore a conical hat, either to shield herself from the wind or hide her face from probing eyes. A man wearing a green shirt and green trousers and carrying an old knapsack followed her. They walked quickly, speaking to no one. The woman appeared as though she was familiar with the road. Soon, they turned and entered the home of Mr. B., a Catholic in Hamlet 1.

The next day, Mr. B.'s children bragged to the other children in the hamlet: "Our aunt came and brought us lots of candy!" Mr. B.'s neighbors learned even more. At the market, Mrs. B. told them: "Nhan, my husband's elder sister, who is a worker at the forestry site all the way up in Muong Khuong in Bat Xat and who married a man who is also a worker there, is visiting home. Her husband, who acts like a clod of earth and has not said a word all day, lives exceedingly well. He brought brocade cloth and wool to give to his inlaws as presents. He gave his mother-in-law a warm and attractive wool scarf from China."

The couple caused quite a stir for awhile and then things settled down. Nhan's husband rarely left the house and spoke even less. Nhan and Mr. and Mrs. B. worked several sao of land under contract or went shopping at the market. Occasionally, the three were seen going to Nam Dinh City, returning a day or two later saying that they were visiting acquaintances. But, it was strange that months passed by without Nhan or her husband giving any indication that they were about to return to Hoang Lien Son. Whenever someone would inquire about this, Mrs. B. lightheartedly replied:

"They told us that life is very difficult up there. In addition, the Chinese pirates are shooting at people there, more some days than others, so, they

will have a quieter and more secure life if they live and work here. Now that we have 'product contracts' there is no need to worry about hunger!"

The things spoken by Mr. B.'s family did not go unnoticed by the soldiers at border defense post Q. Many people in the village knew Nhan. She was formerly married to a soldier who died on the battlefield. One year after he died, she left her parents' home and asked to work at the Muong Khuong Forestry Site. After hearing no news from her for several years, she had now returned to the village with her new husband. Many questions faced the border defense soldiers: who was this "forestry site worker" who had married Nhan? Why did he voluntarily leave his native village to live in her village? After conducting an investigation and meeting with the couple, the soldiers noticed certain contradictions in their stories. When they examined the couple's papers, they found that Nhan had an identity card and old travel papers dated 1979 but that her husband had no papers whatsoever. Both were asked to come to the border defense post. There, after being encouraged and educated by the border defense soldiers, Nhan told the truth: while working at the forestry site, she became acquainted with and married her present husband, a man of Chinese ancestry from the town of Muong Khuong. Prior to the outbreak of fighting on 17 February 1979, she went with her husband to China. While there, her husband was frequently away from home and she was sometimes alone for 3 to 4 months in a row. After they were there for slightly more than 2 years, her husband said:

"It is very difficult to earn a living in China. Let's return to Vietnam and then go to your native village to live."

Because she wanted to be reunited with her parents and family, she agreed. Then, one night, an automobile arrived and took them to a spot near the border. There was also someone who led them and several other persons across the border to Vietnam. After wandering around for several days, they purchased train tickets and returned to her native village. He was carrying a very valuable package. One night, when he thought his wife was sound asleep, he buried it under the bed.

When soldiers investigated the spot to which she directed them, they found a small package, inside of which was a Chinese Communist Party membership card in the name of Dang Quoc Thanh, 37 years of age. What had occurred became obvious. Nhan's "husband" had to admit that after he fled to China, he was trained by Chinese public security personnel and assigned the mission of returning to Vietnam and remaining in the area of his wife's native village to collect information and, at the same time, establish contacts and build a "base" in the area inhabited by Catholics. His attempt to infiltrate our country on the pretense of "visiting his wife's native village" had been thwarted.

7809
CSO: 4209/465

MILITARY AFFAIRS AND PUBLIC SECURITY

YOUTH DISINTEREST IN POLITICAL STUDIES BLAMED ON DRY TRAINING

Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Jun 83 p 2

[Article by Hoang Viet: "Why Are Many Youths Uninterested in Political Studies?"]

[Text] An interest is a matter of psychology, a form of expression of an inclination. An interest reflects a selective attitude on the part of the individual toward things that attract him in his activities and his diverse relationships.

At present, why do youths lack interest in political studies? This is a rather widespread phenomenon.

There are some persons who think that youths do not have a full understanding of political studies. But not having a full understanding is not the same thing as denying the need for political studies.

Youths understand that their lives are closely linked to socialism. Building socialism means building one's life and the life of society. Knowledge of politics is indispensable in life. Regardless, youths must recognize where the course that they and the country are following will lead and how they will get there. This is why they have taken the lead in productive labor and in defending the fatherland.

There are many reasons why youths are uninterested in political studies. Here, I would only like to discuss the methods employed to teach politics to youths, methods that are still shabby, uninteresting and unsuited to each category of youths as well as the characteristics of their age group. The teaching of pure politics is dry and lacking in interest. According to the empirical method, the study of politics lies solely within the framework of lessons taught in political classes. In each lesson, objectives, requirements and specifics are presented, debated, related to personal experience, reviewed and ultimately expressed in the form of determination. When every lesson is the same, youths feel constrained, feel as though they are going through mechanical actions.

When we should be employing many different forms and many different methods, when we should be taking many different directions in the teaching of politics, we have, instead, stopped at teaching lessons in politics.

During political classes and political lectures, youths spend much time listening to very lengthy, very "eloquent" lessons on politics, and there is nothing wrong with this; however, the impact is very slight because instructors use information which is exceedingly insufficient and dry compared to the new and which sometimes contained more that is old. As a result, the results of study are low.

If, at a time when the accumulation of knowledge and information is increasing at an extremely rapid rate, we do not attach importance to improving the methods of teaching and do not give attention to that which is new, timely, beneficial and effective, we cannot meet the needs of youths. Because, today's youths want their activities in social life and labor to be diverse, to be scientifically organized and interesting so that they can achieve the highest possible results.

Political study sessions must promptly answer the questions that youths have and promptly explain to them the important events occurring at home and abroad as well as the requirements faced by each young soldier with regard to increasing his fighting strength and completing his task. We should not be satisfied with the knowledge and experience that have already been gained. Lessons must involve the analysis of things that are brand new in order to shed light on established viewpoints. In other words, their studies must help them think and apply what they have learned in their creative labors or the maintenance of combat readiness. Lectures for youths only interest them when they deal with contemporary issues, take the form of a debate or provide truly clear examples and concrete, vivid proof. In summary, they must provide youths with new information that is both useful and practical.

Deepening the knowledge that the corps of instructors has of the science of teaching and of psychology will make a positive contribution to generating interest on the part of youths in political studies.

7809
CSO: 4209/465

MILITARY AFFAIRS AND PUBLIC SECURITY

INSIGNIA OF ARMY BRANCHES DESCRIBED

Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Jun 83 p 2

[Understanding Orders column by "Chien Si Dieu Lenh"(the Order Soldier):
"Concerning the Various Branch Insignia of the Army"]

[Text] Question: What are the different colors and shapes of the branch insignia now being worn by our army?

Answer: The branch insignia worn on shirt collars consist of an insignia base and insignia emblems.

--Insignia bases are one of the following five different colors in order to distinguish among the various services, border security troops and professional military personnel:

1. The Army: bright red.
2. The Air Force and Air Defense Force: sky blue.
3. The Navy: scarlet.
4. The Border Security Troops: tree leaf green.
5. Professional military personnel: light gray.

--The insignia shapes are different in order to distinguish among the various services, branches and specialized sectors within the army.

At present, our army has 24 different insignia emblems. In addition to the various types of insignia that existed previously and are continuing to be used (such as the insignia of the Air Force, the Navy, the artillery, the signal branch, engineers, the tank branch, the military legal branch, the military medical branch, truck drivers, the cultural entertainment branch, military bands and entertainers), the Council of Ministers has established the following insignia emblems for the following services, branches and specialized sectors:

1. The combined infantry branch: a crossed sword and rifle.
2. The mechanized infantry: an armored vehicle against a crossed sword and rifle.

3. The special operations branch: a dagger against a charge of explosives beneath which is an arrowhead.
4. The chemical branch: a ray of radioactivity against the background of the nucleus of benzene (the old insignia has been replaced).
5. The border security troops: a horses hoof against a crossed sword and rifle.
6. The marines: an anchor against a crossed sword and rifle.
7. The air defense force: two crossed pieces of artillery (as in the insignia of the artillery).
8. The anti-aircraft branch: a piece of anti-aircraft artillery.
9. The missile branch: a missile on a cloud.
10. The radar branch: a radar dish on its platform.
11. The paratroop branch: an aircraft wing above an opening parachute.
12. The rear service-finance branch: a crossed sword and rifle beneath which is a sheath of rice (which replaces the quartermaster insignia).
13. The technical sector: a compass against a hammer (which replaces the insignia of the military armament branch).

Thus, all services, branches and specialized sectors within our army have been given separate insignia by the Council of Ministers. From now on, according to regulations of the general staff, whenever wearing the K82 winter uniform, the old style uniform or the short-sleeve summer uniform with collar with which insignia of rank are worn on the shoulder, the branch insignia absolutely must be affixed to the insignia base worn on the collar; the round insignia may no longer be worn (except on the K82 winter uniform of general grade officers who wear a pine bough and one gold star on their lapel).

Military personnel of any service, branch or specialized sector who are serving, studying or working at any unit, agency or school must wear the uniform of the correct color and the correct insignia of their service, branch or specialized sector.

Question: Need the branch insignia be worn when one is wearing a uniform of combined rank?

Answer: The purpose the of the branch insignia is to distinguish among the military personnel serving within each different service, branch or sector of a regular force army that consists of many combined services and branches. As a result, when wearing the shoulder insignia of rank on the shoulder and a separate branch insignia or when wearing the combined insignia of rank and branch insignia (combined insignia), it is necessary to wear the branch

insignia emblem to facilitate coordination, especially in work and combat involving many coordinating units from different services and branches.

However, because the rear service agency is continuing to produce the branch insignia in order to have enough to issue to the entire army, any military personnel who have been fully issued their insignia should wear them when wearing the combined insignia uniform. It is not yet required that the emblem insignia be immediately affixed to the base insignia in the manner mentioned above, except when wearing the shoulder insignia of rank.

7809

CSO: 4209/465

MILITARY AFFAIRS AND PUBLIC SECURITY

EDITORIAL ON TRAINING OF NON-COMMISSIONED OFFICERS

Hanoi QUAN DOI NHAN DAN in Vietnamese 17 Jun 83 pp 1, 4

[Editorial: "Improving the Quality of Non-Commissioned Officer Training"]

[Text] In the building of a regular force and modern army, besides the other basic jobs that must be performed, the training of the corps of non-commissioned officers (squad leaders, gun crew chiefs, vehicle section chiefs and so forth) occupies a very important position.

Within the organizational structure of the army, the combat squad, gun crew and vehicle section are unified basic organizations, are the places that directly teach and forge soldiers and directly manage and utilize the weapons and equipment with which they have been equipped; at the same time, they are the places that must directly organize the implementation of each line, position and policy of the party, the laws of the state, the orders, regulations and rules of the army and the orders, directives and resolutions of the upper echelon. The squad, gun crew and vehicle section are the places that discover and select outstanding soldiers for training as non-commissioned officers and officers who serve for many years in the army. Only when there are strong squads can platoons and companies develop their fighting strength and complete every task well.

The squad leader, the gun crew chief, the vehicle section chief and so forth are the persons who command soldiers each hour of each day and set examples for them to follow. To some degree, the fighting quality and skills of each soldier are directly influenced by the squad leader, the gun crew chief and so forth. On the other hand, squad leaders and gun crew chiefs are one of the important sources of officer trainees and strengthen the reserve forces that serve as the nucleus within the locality after completing their military service.

Facts have shown that any place or unit that does not have a correct understanding of the role and importance of the corps of non-commissioned officers encounters difficulties in managing, training and maintaining the discipline of troops.

At present, besides the non-commissioned officer training schools that are of rather high quality, there are still places at which the training of non-commissioned officers has not been given a position befitting its importance. The effort to build and strengthen non-commissioned officer schools lacks basic, long-range planning, the corps of instructors is lacking personnel and weak and the material bases needed to support training and the daily lives of instructors and trainees are seriously lacking.

The quality of the corps of non-commissioned officers is dependent primarily upon the persons who train them. Therefore, it is necessary to have skilled instructors. These instructors are cadres who possess a high sense of responsibility, technical proficiency and the ability to guide practical application well. The training of non-commissioned officers is a large and difficult task, primarily one that involves providing practical training; therefore, instructors must work very hard and utilize suitable methods in order to create the qualities and skills needed in squad leaders and gun crew chiefs. The building of the corps of instructors at the non-commissioned officer schools must be based on the training task. Different advantages and difficulties exist within the actual situation of each unit but these difficulties should not result in assigning the job of instructor to cadres for whom it is difficult to find a job within the unit or in temporarily assigning a cadre to serve as instructor until the organization finds a suitable job for him. These practices easily create misunderstandings, create the thinking of holding a temporary position, thereby reducing the quality of non-commissioned officer training at schools.

Together with improving the quality of the corps of instructors, the various echelons must concern themselves with establishing certain material bases for the non-commissioned officer schools to insure that instruction and learning are supported well. Each school must thoroughly tap the spirit of creativity of the collective of instructors and trainees with a view toward building a school that is large and strong in every respect, bringing about new changes in the training of non-commissioned officers and effectively raising the fighting strength of units and their ability to complete their tasks.

7809

CSO: 4209/465

PARTY ACTIVITIES AND GOVERNMENT

HANOI PARTY ORGANIZATIONS STEADILY GET NEW MEMBERS

Hanoi NHAN DAN in Vietnamese 6 Jul 83 p 2

[Article: "Party Development"]

[Text] Since the day Hanoi held its 8th Municipal Party Organization Congress the basic level party organizations in the municipality have accepted more than 13,000 party members, or an average of more than 4,000 new members per year. The party organizations in the industrial and agricultural production sector made many efforts to enlarge the party among the young people, workers and cadres in the field of science and technology and management cadres. Among the new members, youth union members account for over 54 percent, workers nearly 29 percent, and so on.

The party-developing task in many installations was linked with the cadre-training plan. The mass organizations were consolidated. Through the labor productivity emulation movement, many enthusiastic people were introduced to party chapters for training and admission into the party. However, up to 30 percent of basic level party organizations either slowly enlarged themselves or did not take any new members in many years, including the ones in small industry and handicraft production installations, general middle schools and among kindergarten teachers.

5598

CSO: 4209/477

ECONOMIC PLANNING, TRADE AND FINANCE

BRIEFS

TAX COLLECTION--As of the end of June, Ha Nam Ninh Province has collected a total of 68 million dong of industrial and commercial tax, with 44 million in the 2nd quarter alone. The number of regular tax-paying households used to be 12,000, with an average of 247 dong per household per month, but now there are 13,350 households paying an average of 540 dong of tax. In the 2nd quarter, the party committee echelons and administrations at all levels, from provincial to district, were correcting on a timely basis the wrongdoings in the implementation of the industrial and commercial tax policy, particularly giving nonspecific contract to the tax sector. [Excerpt] [Hanoi NHAN DAN in Vietnamese 6 Jul 83 p 1] 5598

CSO: 4209/477

ECONOMIC PLANNING, TRADE AND FINANCE

WORKERS' INSPECTION TEAMS ACTIVE IN HANOI

Hanoi NHAN DAN in Vietnamese 4 Jul 83 p 1

[Unattributed article: "In Hanoi, Workers' Inspection Teams Operate Effectively"]

[Text] During the first 6 months of the year, 98 workers' inspection teams of the Hanoi Trade Union Federation carried out 974 inspections in the distribution-circulation, transportation, electricity consumption, and construction sectors, and recently participated positively in the task of inspecting the collection of industrial and commercial taxes in accordance with the new law. In the course of 335 inspections of grain stores, 564 inspections of food stores, 36 inspections of restaurants, 31 inspections of public health facilities, and 8 inspections of transportation facilities, the inspection teams recommended the prompt commendation of units which did a good job of serving the people, but also uncovered many instances of violations in the retail sector.

Widespread practices at many stores and stalls included underweighing and undermeasuring in order to cheat the customers, saving the high-quality products and good rice for themselves and their friends, and slipping some high-quality goods to certain people so that they could be resold. At the grain store at 162 Hang Bot Street, within half a work shift the employees siphoned off 10.6 kilos of glutinous rice. The Gia Lam grain store set aside 2,000 loaves of bread and distributed them to store employees so that they could be sold on the outside, in order to obtain money with which to set up a fund. An inspection team made a report and recommended that 1,000 dong in the fund and 80 percent of the interest be confiscated and turned over to the state. An inspection team discovered that employees were underweighing each package of rice by 250 to 600 grams at the Thuong Dinh and Thuy Ai stores and required that each package be weighed before being sold to the people. The grain sector accepted and strictly carried out the recommendations of the inspection teams. Therefore, during the first 6 months the number of violations declined greatly in comparison to the same period last year.

In the retail food sector the teams uncovered many instances of selling to ineligible people, of personnel buying goods in the stores and warehouses, of distributing too many goods internally, and of sneaking high-quality meat to merchants on the outside. At the food stall of Tailoring Enterprise 10, after two employees said that they had sold out the inspection team found 12.9 kilos of meat hidden in a bag, including 5.4 kilos of ham. The team recommended that

they sell the meat, an act which was applauded by the workers. An inspection of the internal goods purchases book of the Kim Ma food store revealed that in a period of 2 months the store distributed 51 kilos of meat to two people. The employees of the Kim Lien store admitted that they underweighed goods sold to customers, so they had 5.1 kilos of meat left over at the end of the shift.

The most positive transformation was that in the cooking fuel corporation, which took under strict advice the opinions of the consumers and set forth 11 rules for the sales clerks, in order to ensure accurate weighing and measuring and reduce the ratio of underweighing. In the campaign to implement the law regarding industrial and commercial taxes, in investigating the illegal use of electricity, in uncovering houses bought with illegal incomes, etc., the workers' inspection teams have operated positively in restoring order in the spheres of distribution, circulation, and market management.

5616

CSO: 4209/470

ECONOMIC PLANNING, TRADE AND FINANCE

NEW TAX SYSTEMS ANALYZED

Bangkok BANGKOK POST in English 20 Jul 83 p 4

[Article by Alan Dawson]

[Text]

WHILE Vietnamese government technocrats have been busy writing and implementing measures to liberalise the nation's economy, toe-the-line bureaucrats and communists have been equally busy trying to maintain full central control of the same economy.

Two new tax laws, one in full swing and the other to be implemented in full in coming months, are expected to have a major effect as the Vietnamese regime tries to maintain full control of an economy which it has — supposedly — also been freed of many of the Hanoi shackles.

Both are important measures and have been given wide publicity inside Vietnam by official media. Both had their origins in last December's third plenum of the Communist Party Central Committee; were written and passed into law by the National Assembly weeks later, and were promulgated last March by President Truong Chinh.

One sets new and higher agricultural taxes. It is the first such tax law for the farmers and peasants in communist Vietnam since 1951, when taxes were collected mainly to feed the guerrillas of the Viet Minh in their war against the French.

The second sets new and higher taxes on private enterprise. This law, enforced in full since it came into force March 11, has effectively closed the door on many private businessmen who had assumed that the new "pragmatism" in the Vietnamese economy would allow them to remain as private businessmen.

The new business taxes, according to official Hanoi media, mark only the latest effort in a long series of largely unsuccessful attempts to keep

private enterprise under the full control of the party and state apparatus in Vietnam.

First put into effect in 1966, the "legislation on industrial and commercial taxes" has been amended several times. In 1977, it was revised with a view to shutting down Ho Chi Minh City's thriving commercial sections. That campaign was largely a success, the main result of which was the closing down of most businesses run by ethnic Chinese and their subsequent flights, by the hundreds of thousands, in boats and on foot, out of Vietnam.

In 1980, there was another revision of the tax law. Its aim was to prevent exploitation by capitalists of the major failings of the government in transportation and supply of essential commodities. It was largely a failure, because the government couldn't meet demand and the private sector could. The law of supply and demand reigned supreme.

Now, the Government claims it has succeeded to a large extent in whipping problems in supply throughout the country, and it is proceeding against middlemen and private merchants with what by all reports is unprecedented vigour.

Here is the reasoning, according to the May issue of *Vietnam Courier*, a major English-language magazine from Hanoi which often explains state policy to the outside world:

"...in the North there has been a surge in the private sector. The free market accounts for as much as 70 per cent of the volume of goods in circulation, thus outstripping the organised market. The number of traders and caterers has quickly increased. Seeking profit by fair means

or foul, some consumer and buying-and-selling cooperatives engage in illegal trading over long distances, between North and South in particular."

The new law has seen government and party cadres hit the streets in large numbers. In contrast to previous times, they are not ordering shopkeepers, vendors and middlemen to close down operations. They are, however, ordering them to pay staggering taxes at three different levels — on turnover, on profits, and on stock — and adding a brand new, yearly license tax as well.

It is this fourth item which has already resulted in the closing of shops, restaurants and other "service sector" operations, particularly in Ho Chi Minh City.

Merchants there have told visitors that their annual licence tax fee has risen to 100 per cent or more of their annual income, so they have closed up. Hanoi describes this tax as one "which makes it possible for the state to register and control all individuals and units engaged in industrial, commercial or service activities."

All the taxes, according to the Communist Party's *Nhan Dan* (People) newspaper, are "part of the struggle between the socialist and the capitalist paths."

Regarding the new agricultural tax, Hanoi says the old tax law "no longer meets the present requirements: to ensure fair contribution from the people, the stepping up of agricultural production through intensive cultivation, the extension of the cultivated areas and the multiplication of crops."

In a capitalist country, the new taxes would be simply explained that because the peasants are producing more, the government was going to take a greater share. There is a certain truth to this in Vietnam as well, although there are other factors involved.

BURDEN

Nevertheless, the new tax rate could be quite a burden. A peasant family which last year produced 500 kilogrammes of rice per hectare

would have turned about 31 kilogrammes over to the state in tax. This year, at least 70 kilogrammes will go to the taxman, and collection, it is promised, will be much more toughly enforced.

The taxes are sliding, depending on the type of soil involved and the actual crop produced, but work out to about 15 per cent of the total crop this year, compared with about 6.2 per cent last year, according to official media.

This means that the central Government, under its so-called liberal economic programmes, will be taking about 2.55 million tons of food from the peasants this year in taxes. Last year, it got under 1 million tons, according to its own figures.

FOOTNOTE: In addition to the tax of approximately 15 per cent, peasants also are obliged to sell a certain percentage of their crop to the state at "fixed" (or "low") prices.

Then, under the new "pragmatism," the bulk of the crop belongs to them.

The amount which must be sold at the low price can vary widely from area to area, depending on locality deals with the state under the new contract system.

In some cases it could be 100 per cent. In others, it could be quite a bit less.

The new taxes themselves have two justifications.

First is the hot inter-party feud, discussed here last week, between party pragmatists — who favour liberal policies if they are productive — and ideologues who insist on communist control of the economy at all costs, even bankruptcy.

Second is the massive budget deficit, which has brought the country to that bankruptcy because the Government has met the budget by printing more money.

The *dong* is worthless on international markets and near-useless at home, because of massive inflation. The *dong*-to-dollar rate in Hanoi and Ho Chi Minh City is 17 times or more the official rate.

The increased taxes are unlikely to take up all the deficit, but will go part of the way to easing the inflation, if the Party has guessed right.

AGRICULTURE

NAM BO PROVINCES CARRY OUT LAND ADJUSTMENT

Hanoi NHAN DAN in Vietnamese 4 Jul 83 p 1

[VNA News Release: "Nam Bo Provinces Urgently Carry Out the Land Adjustment"]

[Text] Overcoming their previous deficiencies, especially incorrect knowledge and lack of exemplariness on the part of some cadres and party members in adjusting the land, the Nam Bo provinces have taken steps to discipline and train cadres in order to complete the land adjustment by the end of this year and create favorable conditions for the rapid, solid development of the cooperativization movement. In order to serve that task, the Agricultural Development of the Party Central Committee had divided the Nam Bo provinces into three groups in order to hold cadre training classes at the district echelon. During the recent period, the groups have given supplementary training regarding the agricultural transformation task to 2,000 cadres. After returning to their localities, those cadres have in turn held short-term training classes for the cadres at the basic level.

At present, in many provinces in the Mekong Delta land is owned not only by the rich peasants and upper-middle peasants, but also by a number of cadres and party members, which creates obstacles for the land adjustment and cooperativization. In view of that situation, many provinces are resolutely investigating the land holdings of each cadre and party member, correctly implementing the state's land policy, and strictly dealing with people who deliberately procrastinate or do not encourage their families and relatives to observe the land policy. During the first 5 months of this year the Nam Bo provinces adjusted 16,709 additional hectares of land and distributed them to people with little or no land, thus increasing the total area that had been adjusted to more than 306,000 hectares. Kien Giang and Minh Hai have adjusted the most land: more than 2,400 hectares and more than 6,400 hectares, respectively.

5616

CSO: 4209/470

AGRICULTURE

NORTHERN BORDER PROVINCES REPORT STRONGER COOPERATIVES

Hanoi QUAN DOI NHAN DAN in Vietnamese 16 Jun 83 pp 1, 4

[VNA News Release: "The Northern Mountain Provinces Strengthen Their Agricultural Cooperatives; More than 46 Percent of Cooperatives Have Implemented Product Contracts"]

[Text] The eight northern mountain provinces have more than 5,800 agricultural cooperatives or agricultural-forestry cooperatives, which account for 83.5 percent of their populations, nearly 44 percent of the total number of cooperatives and 22 percent of the farmland of the northern provinces. More than 1,200 cooperatives have carried out the reorganization of production.

In past years, due to very difficult natural conditions, the unevenly distributed population and labor force and the limited skills of cadres, the cooperatives in the mountains, especially those in the highland areas, developed slowly. There were many weak and deficient cooperatives. Many cooperatives had not established clear production guidelines and were still practicing monoculture and subsistence production.

At present, 46.4 percent of the cooperatives within the eight mountain provinces have implemented product contracts; specifically 35.4 percent of cooperatives have implemented product contracts within Ha Tuyen Province, 36.7 percent within Hoang Lien Son Province, 44.7 percent within Son La Province, 35.8 percent within Lai Chau Province, 83.8 percent within Bac Thai Province, 53.6 percent within Quang Ninh Province, 29 percent within Cao Bang Province and 64 percent within Lang Son Province.

In the low areas of Bac Thai, Ha Tuyen, Quang Ninh and Hoang Lien Son Provinces, 100 percent of cooperatives have implemented rice product contracts with individual laborers.

To implement the new management system, many places, when classifying cropland and assigning contracts to laborers, conducted inspections involving the illegal occupation of cropland in order to return it to collectives. Pho Yen District in Bac Thai Province reclaimed 450 hectares, Phu Binh District reclaimed 250 hectares, the cooperatives in Ha Tuyen Province reclaimed 700 hectares, Quang Ninh Province reclaimed 1,000 hectares and so forth. Many cooperatives have purchased additional buffalo, cattle, farm implements and

other supplies to support intensive cultivation and raise crop yields. In 1981, the cooperatives of Dinh Hoa District in Bac Thai Province purchased 500 draft buffalo and cattle, 350 insecticide spray tanks and so forth.

Over the past 2 years, by mobilizing the labor and materials of each family and cooperative for production, all mountain provinces have recorded bumper crops. Livestock herds and poultry flocks have also increased in size, thereby creating an additional source of income for cooperative members. As production has developed, the difficulties encountered by the compatriots of the mountains in their daily lives have gradually declined. The number of above average and average cooperatives has increased and the number of weak, deficient cooperatives has slowly decreased. In 1980, Ha Tuyen Province had 180 advanced and above average cooperatives; by 1982, it had 462, which accounted for nearly 38 percent of the cooperatives within the province. When implementing product contracts, the cooperativization movement at a number of weak and deficient places has gradually improved. In 1980, Huu Lung District in Lang Son Province had nine villages in which there were no longer any cooperatives; now, 77 cooperatives have been restored in seven villages and there are only two villages in which cooperatives do not exist. Vo Nhai District in Bac Thai Province has restored and strengthened five cooperatives. Quang Ninh Province has restored and strengthened 36 of its 77 disbanded cooperatives.

In order to help the product contract mechanism to develop in the correct direction and quickly strengthen the cooperativization movement in the mountains, the mountain provinces are re-examining the situation and taking positive steps to resolve each difficulty being encountered within each area. All provinces have clearly defined the position of the district level in managing and guiding the cooperatives in successfully performing their three basic jobs: closely coordinating agriculture with forestry in order to resolve the grain problem locally; rapidly covering barren hills with vegetation, protecting forest resources and urgently building water conservancy projects, hydroelectric power plants and the necessary material-technical bases for each small area; and taking positive steps to train management cadres for each village and cooperative.

7809

CSO: 4209/465

AGRICULTURE

BINH TRI THIEN, QUANG NAM-DA NANG REPORT AGRICULTURAL SUCCESSES

Hanoi NHAN DAN in Vietnamese 4 Jul 83 p 1

[VNA News Release: "Responsibility and Discipline: Binh Tri Thien Fulfills Over-All Fifth Month-Spring Grain Mobilization Norm; Quang Nam-Da Nang Deposits in Granaries More Than 38,000 Tons of Grain, 63 Cooperatives Fulfill Their Mobilization Norms"]

[Text] By the end of June, Binh Tri Thien Province had placed in granaries 51,580 tons of grain, 100.1 percent of the over-all grain mobilization norm for the fifth month-spring season and 10,000 tons more than during the same period last year. The agricultural tax norm was surpassed by 12 percent and the amount purchased in accordance with two-way contracts surpassed the norm by 16 percent. In this year's fifth month-spring season Binh Tri Thien Province fulfilled its over-all grain mobilization norm earlier than during the previous seasons, and was the second province, after Nghe Tinh, to fulfill its fifth month-spring mobilization norm.

In the province as a whole, 223 cooperatives have fulfilled their over-all fifth month-spring norms and 324 cooperatives have fulfilled their agricultural tax obligations in accordance with the new law.

The districts of Trieu Hai and Huong Dien, the cities of Dong Hai, the municipality of Hue, and Quang Trach District fulfilled and surpassed their fifth month-spring mobilization norms early. Trieu Hai and Huong Dien districts, in the province's principal rice-growing area, deposited grain in granaries rapidly, and mobilized an average of 350 to 400 tons per day. Although the rice in the Le Ninh District ripened late and was harvested slowly, it was the district which mobilized the second greatest quantity of grain and endeavored to immediately dry and winnow the rice and place it in granaries. As of 30 June the district had deposited in granaries 8,300 tons, more than 90 percent of its over-all fifth month-spring grain norm.

Binh Tri Thien Province is concentrating its facilities to send directly to the basic level 3,900 tons of nitrogenous fertilizer, phosphate fertilizer, cement, 1,000 cubic meters of wood, etc., in order to supplement the merchandise fund and purchase between 8,000 and 9,000 additional tons of grain. The province has concentrated its guidance on digging and processing manioc and sweet potatoes in the new economic zones, in order to mobilize 1,700 tons of subsidiary food crops in July.

Although it encountered many difficulties caused by prolonged hot weather and drought, which affected its winter-spring production, Quang Nam-Da Nang went all-out to mobilize grain. As of 25 June the province had deposited in granaries more than 38,000 tons of winter-spring grain, 82.64 percent of the plan norm and more than during last year's winter-spring season. Sixty-three villages had surpassed their grain mobilization norms for the season. Phuoc Son District had attained 106 percent of its plan norm and led the mountain-area districts with regard to grain deliveries. The municipality of Da Nang surpassed its grain mobilization norm for the entire year.

Progress has been made in collecting agricultural taxes and irrigation fees. The quality of paddy deposited in granaries is better but has not yet met the requirements. Management of the grain market is not yet tight. A number of places grow rice buy buy manioc to turn over to the state.

The entire province is positively preparing to mobilize spring-summer grain and is endeavoring to ensure the fulfillment of the annual grain mobilization norm.

5616

CS0: 4209/470

AGRICULTURE

NAM BO GROWS SUMMER-AUTUMN RICE IN MOST PLANNED AREAS

Hanoi NHAN DAN in Vietnamese 6 Jul 83 p 1

[Article: "Nam Bo Provinces Grow Summer-Autumn Rice in 78.8 Percent of Planned Area, Cuu Long in 116 Percent; Kien Giang Builds 452 Additional Production Collectives, Trains 2,397 Cadres for the Cooperativization Movement"]

[Text] In the spirit of actively overcoming difficulties and stepping up agricultural production, the Nam Bo provinces have completed plowing the entire area for the summer-autumn rice and have seeded 444,036 hectares, or 78.8 percent of the planned area. The provinces in the Mekong River delta have completed seeding in 399,023 hectares, or 80 percent of the planned area. Hau Giang, Tien Giang, Kien Giang and An Giang Provinces have fulfilled 70-90 percent of their plan in terms of planting the summer-autumn rice. Cuu Long Province itself fulfilled 116 percent of its plan, with an increase of nearly 10,000 hectares compared to this same crop last year.

Presently, rains fall regularly in the Nam Bo provinces. The summer-autumn rice is showing good growth. But harmful insects have appeared in a number of localities. The area affected by insects totals 33,650 hectares, including 13,824 hectares where the crop has been saved.

The localities now need fertilizers and insecticide in order to give the rice plants timely care and to protect the crop. Many production installations and farmers hope that the agricultural materials sector, and other sectors concerned, would take urgent measures to provide them in time with fertilizers and insecticide, thus creating favorable conditions for properly fulfilling the production plan, particularly in the high-yielding rice-growing zones in the Mekong River delta.

Kien Giang Province is stepping up the transformation of agriculture. In the winter-spring production season this year, it has established 452 additional

production collectives and thus raised the total number of production collectives to 1,358, with 799 of them having adopted the system of product contracts with laborers. As the result of this product contracting and a fast application of advanced techniques to production, 14 production collectives in Hamlet 44 all obtained rice crop yield of 7 tons per hectare.

Kien Giang has opened 2 training courses for 2,397 cadres at the basic level whose task would be to encourage farmers to take part in the cooperativization movement and management of production collectives and agricultural cooperatives.

5598

CSO: 4209/477

AGRICULTURE

HAIPHONG AREA COMPLETES SIXTH CONTRACTING-OUT SEASON

Hanoi NHAN DAN in Vietnamese 4 Jul 83 pp 2, 4

[Article by Hoang Hien and Minh Son: "The Sixth Contracted-Out Rice Season"]

[Text] This year's fifth month-spring rice season is the sixth rice season in which Hai Phong has contracted out production to workers. Hai Phong has had uniformly successful harvests in the areas, districts, and cooperatives. Its harvests have been successful in all three regards. The area plan norm was surpassed by 1.8 percent, and the per-area yield increased by more than three quintals per hectare. A number of districts attained yields of seven to eight quintals on small areas. This year's fifth month-spring rice season was Hai Phong's most successful ever. In the vicinity of that port city, during the 1970's the peasants outside the city rarely surpassed the planned area norm. But since Hai Phong adopted the new management system and improved the method of paying for labor, the cooperative members have planted the entire area year after year.

Potentiality and Actuality

When we visited the agricultural installations of Hai Phong, everywhere we went we observed a seething production emulation movement. The action slogan of the echelons and sectors was "Concentration on agriculture is the foremost economic development mission at present." Hai Phong, firmly grasping the agricultural development line and applying it to its local characteristics, and with the strong response of the laboring masses, soon brought into play the effect of the new economic policies and created a notable transformation in agriculture.

During the past six rice seasons the rice growers around the city have had one successful harvest after another. Rice yields and output have increased greatly. In 1981 the rice yield per hectare increased by nine quintals over the 1980 yield, and the 1982 yield was 10 quintals greater than the 1981 yield. Last year all six districts outside the city and 161 of the 179 cooperatives (there were only 35 units in 1979) attained yields of more than 50 quintals. Many units attained yields of between 70 and 80 quintals and one production unit attained an annual yield of more than 100 quintals of paddy per hectare. In 1982 the rice output amounted to more than 227,500 tons, an increase of more than 48,000 tons over the previous year.

During the past five rice seasons in which it applied the new management system, Hai Phong's fields have produced 16,000 additional tons of paddy (according to statistics), not including the grain output on land reclaimed from the sea and grain produced by the family economy.

The rural areas around Hai Phong have improved. In 1979, about 20 percent of the cooperative member families were classified as producing enough to eat. That ratio has now increased to between 60 and 70 percent. Some 30 percent of the families have surplus rice and money. Comrade Hoang Ngoc Thanh, head of the municipal agricultural section, said that in a 2-year period (1981-1982) the rural areas built 200,000 additional square meters of tile-roofed housing and the income derived from commodity agricultural products is estimated at 1.5 billion dong. The number of cooperatives with reserve funds increased.

Hai Phong has mobilized nearly 60,000 tons of grain, an amount three times greater than the stabilized obligatory norm assigned by the central echelon. If organization and management had been better, the amount of grain mobilized would have been even greater.

In addition to practicing intensive cultivation on the traditionally farmed land, in accordance with the slogan of the state and the people working together the people have contributed labor and materiel to develop the new economic zones. The municipality has invested in large-scale key rice-growing areas. The districts and basic-level units have cleared wasteland in small areas along rivers and the seacoast. As a result, within a period of a little more than 2 years Hai Phong has built 75 kilometers of dikes to reclaim land from the sea, dug 150 kilometers of canals and ditches of the various kinds in the newly reclaimed areas, and laid 20 new pipelines to bring in fresh water to eliminate salinity and improve the soil. There have been added nearly 10,000 hectares, which is an area greater than the two-rice-crop land in Vinh Bao District. The invested capital has amounted to more than 130 million dong, 70 to 80 percent of which has been capital from local budgets. That does not include nearly 100 million dong invested to build dikes along Route 14 to reclaim land from the sea. By the end of 1982 the municipality had brought into use nearly 4,000 hectares, nearly 2,200 hectares of which were planted in rice. The rest were used to raise shrimp, fish, and livestock. An additional state farm and three additional agricultural cooperatives were set up on the new land. The movement to push back the sea and expand the agricultural land has proceeded in the right direction, in order to increase the local economic potential, create additional jobs, and closely combine the missions of economic development and national security.

In the fields, since 1981 there have been built a number of new irrigation and drainage clusters, such as the Da Do cluster, which serves Kien An and Do Son districts, the Ro (Tien Lang District), Thuong Dong, and Vinh Bao sluice systems, the An Son (Thuy Nguyen) sluice system, etc., which have contributed to completing the main-artery canal systems. The production bases are managing and using hundreds of diesel pumps of the various kinds and have built tens of thousands of area dikes and field dikes in order to conduct water from Class-1 canals into the fields. In the past more than 34,000 hectares were irrigated during the winter-spring season and more than 40,000 hectares were irrigated

during the 10th month season, but now more than 42,000 hectares can be irrigated during the winter-spring season and more than 47,000 hectares during the 10th month season.

Also during the past 2 years, the municipality equipped the bases with more than 300 additional motorized insecticide sprays, hundreds of water pumps, and tens of kilometers of electrical transmission lines. The cooperatives purchased more than 1,000 additional water buffaloes and oxen (however, the municipality as a whole still has a shortage of draft animals) and has produced many additional transportation facilities.

With the implementation of the new management system, the workers have truly brought their mastership right into play in production, management, and distribution. All places have done a better job of using labor. At present, there are still many "idle" agricultural workers, so there are capabilities for expanding the new commercial sectors.

The production relations in the rural areas have been further consolidated and perfected. The weak, deficient cooperatives have essentially overcome their problems. The advanced and good cooperatives have clearly made progress in production and management. Most of the cooperatives have done a good job of combining the three interests (those of the state, the collective, and the workers).

Contracted-Out Yields and Output

We must now discuss the contracting out of yield and output per cultivated area. The question of whether or not contracting-out is carried out correctly directly affects the thought and attitude toward labor of the contractees, and is also related to ensuring harmony among the three interests. In places which exercise tight management, the determination of yield and output norms contracted out to workers are based on the average yields of from 3 to 5 years, on each type of land and under different cultivation conditions, with appropriate contracted-out norms and democratic discussions between the contracting-out side and the side accepting the contracting out. Therefore, the people accepting the contracting-out have been content and enthusiastic and have positively invested in intensive cultivation. But there are still many production bases which do not base themselves on the special characteristics of each type of soil, but only use the average level of the 1978-1980 3-year period (during which Hai Phong attained lower yields than in previous years), which causes the contracted-out norms to be much lower than the potential of the soil. At present, the production bases are readjusting the contracted-out norms for the following three reasons:

First, in the course of five or six rice seasons the area contracted out to the contractees has been stabilized and the soil has been improved; the conditions for intensive cultivation, such as rice varieties, the various kinds of fertilizer, and sources of controllable water, are more plentiful and more effective; the draft animals and intensive cultivation rules have been improved, etc. In all fairness, it must be said that the contracted-out norms have been too low in comparison to the potential of the land, so although the over-all incomes of the collectives have been maintained, the amount resulting from

workers surpassing the contracted-out norms is too large (of course, some of the income is derived from the cooperative members' investment of capital and labor).

Second, the cooperatives previously stabilized the contracted-out yield and output norms for from 3 to 5 years, but that period ended with this year's fifth month-spring season.

Third, the state recently promulgated an agricultural tax law. In general, the tax rate has increased, in some places by 8 to 10 percent. The Truong Son cooperative's tax rate was 70 tons, but now it is 104 tons, an increase of 34 tons (nearly 50 percent). The new tax schedule was implemented beginning with this year's season. Since it was wrong to stabilize the contracted-out norms for an excessively long time (3 to 5 years), the cooperatives took steps to mobilize the surplus grain stocks to pay the increased tax to the state. The new tax schedule was calculated specifically for each type and category of land, and the people accepting contracted-out land of a certain type must attain yields corresponding to the fertility of the soil.

For those reasons, the My Duc cooperative has increased its contracted-out yield norm for the coming 10th month season by more than four quintals. Truong Son has increased its norm by 27 quintals per hectare. We believe that such increased norms must be scientifically based. Should the cooperative invest 2 tons of manure, 20 kilos of pure nitrogen, 40 kilos of seed, and about 120 to 150 workdays per ton of products? Furthermore, according to their conditions they can invest additional lime, phosphate fertilizer, and other materials. Only thereby can they create conditions for people accepting the contracting-out of products to fulfill their production plan norms.

Restore Order in Selecting and Using Rice Varieties

Hai Phong's rice is truly good, but it is worrisome that it is grown in many stages. We went from Hai Phong to Tien Lang, and then to Vinh Bao and Do Son, Kien An, Thuy Nguyen, and An Hai districts. In all fields we saw rice growing at two or three different levels. In Vinh Bao District rice variety 424 was planted along with variety 314. In poor-quality, acidic, and saline fields the 424 variety had begun to degenerate. All cooperatives plant six or seven different varieties. Rice varieties reach the fields of Hai Phong from many different directions, which results in the fields growing a hodgepodge of varieties. There are many reasons for the mixture of varieties, but one of the overriding reasons is that the state and the collectives have relaxed their seedstock management. In the places we visited the cooperatives all had the operational policy of the cooperative and its members producing seedstock together, but in fact the cooperative only produced seedstock on paper, by drafting plans regarding the use of varieties and the variety structures for each season. The cooperative members fend for themselves and find their own seedstock, store them, soak them, plant them, etc. Few or no collective organizations now produce seedstock. In Do Son District, only two cooperatives -- the Dai Dong and Nui Doi cooperatives -- still have seedstock units. The seedstock-producing units and groups of Kien An District have essentially been consolidated, or have been almost completely disbanded. The seedstock-production

system from the municipal level down to the level of the district stations and farms, is weak and deficient, and is not yet sufficiently strong to produce seedstock for the bases. A few technical seedstock research organs have also helped cause the disorder at the basic level with regard to rice varieties. In order to restore order with regard to varieties on contracted-out rice land, a principle that must be fully understood is that the state and the collective groups must manage and control the sources of seedstock, and oppose the situation of allowing the cooperative members to fend for themselves. The form of organizing production at the basic level can be a specialized production unit or a group of cooperative members which produce seedstock for the unit or the collective. It is necessary to set aside good fields, have an appropriate level of investment per seedstock-producing area unit, and have a separate management policy. Rice seedstock propagating stations must quickly be set up at the district level. Only thereby can the quality of seedstock be maintained, the potential of the rice varieties be exploited, and the varieties not become mixed up; and only thereby is it possible to ensure the rice variety structure for each season and area.

Worries of the Peasants in the High-Yield Rice Areas

The central echelon assigned the municipality of Hai Phong the task of creating a high-yield rice area, 2,000 hectares in extent, in Vinh Bao District. The municipality set forth the objective for future years of increasing the high-yield rice area to 30,000 hectares. The tendency in some districts in creating high-yield rice areas is to select an area with very favorable cultivation conditions to ensure success or to select an area which has good potential which has not yet been exploited. In such areas, most investment is in building water conservancy projects, ensuring sources of controllable water, and applying integrated intensive cultivation measures, and increasing the number of growing seasons, in order to ensure success and the capability to increase output more rapidly than on land which has always produced high yields. In all areas, when practicing intensive cultivation and increasing yields it is necessary to apply the form of contracting out products to workers. However, in areas which practice intensive cultivation and increase yields the peasants accepting contracting-out still have worries. Above all, they do not yet have confidence in the state's ability to invest in the intensive cultivation-increased yield areas. The greatest worry is that materials will be insufficient with regard to types and quantities, and will not be delivered in time for the 10th month production season.

Furthermore, the policy of mobilizing grain has not yet stabilized the two-way contract system and some policies are not yet clear with regard to the high-yield rice areas. In addition, the bases, districts, and even the agricultural sector, have not yet determined the management system and the rights and responsibilities of workers who accept contracting out in the high-yield rice areas.

After six rice seasons in which production has been contracted out to the workers in Hai Phong, we have noted that results have been attained, which proves the correctness of the new economic policies and their creative application by the localities. However, the new problems that have arisen in the course of production and the above-mentioned weaknesses are also problems which should

be clearly understood so that we can continue to gradually complete the management structure and ensure a greater rate of economic development in allpases and in the city, in order to create solid conditions for gradually advancing agriculture to large-scale socialist production.

5616

CSO: 4209/470

AGRICULTURE

EDITORIAL URGES BOOSTING EXPORT OF FARM PRODUCTS

Hanoi NHAN DAN in Vietnamese 8 Jul 83 p 1

[Editorial: "Quickly Increasing Sources of Agricultural Products for Export"]

[Text] In all our economic activities, a strategically significant task for our party and people as a whole to fulfill is to strive to boost export for the sake of import, with an important part of it being to quickly increase the sources of farm commodities. In recent years, our farm commodity exports were not stable and the rate of development was not steady, with increases in one year and decreases in another year. In some years there were serious decreases in the quantities of many commodities. In the 5-year plan of 1976-1980, the overall exports of agricultural products, both raw and processed, accounted for only 27.6 percent of the total export value. In the 2 years of 1981 and 1982, since a number of measures and policies to encourage export were adopted, there was an obvious improvement in connection with the group of raw and processed agricultural products; the 1982 export value increased by 33 percent over 1980, with the quantities of exported unprocessed farm commodities (including local exports) being doubled.

However, the exports of farm commodities so far account for only about one-third of the total export value, with the quantities remaining very low compared to our country's land and labor capacities and the international market's needs. The value of our exports of raw and processed agricultural products is still not enough to cover the import of fertilizers, let alone to satisfy the overall need for importing materials and equipment for agriculture. Although the agricultural products for export in our country are very abundant, they are scattered too much and so far we do not have any main-force product of any considerable weight on the international market. Although rubber, coffee, tea, cinnamon, coconut, son (Toxicodendron verniciflua), pepper, lon hot peach, etc. are long-term crops of high export value, which we are in a position to grow in larger areas and to cooperate with the friendly countries to develop, their development has been slow. So far their value accounts for only over 15 percent of the total value of exports and less than one-half of the export value of farm commodities.

This situation proves that we have not yet attached proper importance to the strategic role of such long-term crops in our export.

The short-term crops like peanut, jute and tobacco and the tropical vegetables and fruit trees like pineapple, banana, green vegetables, pepper and garlic, as well as the plants that provide medicinal materials and essential oil, which we are capable of developing in conformity with our country's economic capacities, have drawn the attention of many localities. The peanut zones in Nghe Tinh, Thanh Hoa and many other provinces and municipalities; the pepper zones in Thai Binh, Ha Bac and a number of central provinces; the jute zones in Hai Hung and a number of Nam Bo provinces; the tobacco zones in many provinces, etc. have been growing well. However, since the short-term crops are mostly assigned to the collective and family-based economic sectors, we must have more appropriate policies in connection with supplying materials for production and purchases and a positive action on the part of the foreign trade sector in order to develop production and to make purchases for export.

The volume of processed agricultural products has been increasing steadily. In 1982 it was 4 times as much as the volume in 1976 and had an export value equivalent to that of unprocessed agricultural products. Specifically, there was a quick increase in the quantities of frozen vegetables and fruits as the result of investment by the state in equipment. But as for other processed agricultural products, there still were many difficulties in various aspects ranging from purchases of raw materials to processing because of policy-related problems and shortages of secondary ingredients, energy, etc.

In order to step up export of raw and processed agricultural products and to contribute to quickly raising the total export value, we must continue to carry out many new measures and policies. First of all, the agricultural and foreign trade sectors must closely work with the localities to plan for zoning and development of various crops for export, mostly the main-force export items. The types of land that are less productive for the grain crops to be planted in, such as land on hills and mountains and sandy soil in the central part and alkaline soil, must be fully used to grow the appropriate kinds of crops for export so as both to boost the volume of export goods and to bring about greater economic results. We must put aside proper quantities of materials and goods for investment in production and purchases and vigorously encourage state farms, cooperatives and the family-based economic sector to step up production of farm commodities for export. The active role of the foreign trade sector in production and in organizing specialized-cultivation zones is extremely important. There must be fair exchanges in connection with the purchasing task and full preparations for storehouses, bags and means of transportation in order to satisfy in time all seasonal and harvest needs. Along with fully using the sources of capital within the country, we must develop the cooperation with the

fraternal socialist countries and at the same time be flexible in adopting the mode of doing business so as to have more sources of materials for production and for purchasing farm commodities for export. If the central and local levels work together; the state and people work together; the problems arising from the all-level bureaucratic administrative mechanism of management are resolved; and there is close coordination among various sectors, such as finance, banking, agriculture, foreign trade and other sectors concerned, we will surely be able to increase the sources of farm commodities for export and to contribute to serving the socialist industrialization and, as an immediate step, serving the development of agriculture.

5598

CSO: 4209/477

HEAVY INDUSTRY AND CONSTRUCTION

DAM CONSTRUCTION PROGRESSES WELL, SATISFIES REQUIREMENTS

Hanoi NHAN DAN in Vietnamese 6 Jul 83 pp 1, 4

[Article by P.V. (Reporter): "A New Achievement of Hoa Binh Hydroelectric Power Plant Construction Site: Dam Construction Satisfies Planning Requirements, Ensures Protection Against Big Flood With Rate of Flow of 21,600 Cubic Meters of Water Per Second"]

[Text] The afternoon of 4 July marked a new achievement of the construction site of Hoa Binh Hydroelectric Power Plant: the construction of the dam was in conformity with the planning requirements and on schedule and ensured flood control up to the rate of occurrence of 1 percent (once in 100 years), i. e., against a stress equivalent to a rate of flow of 21,600 cubic meters of water per second, or twice as powerful as the flood of 1971. This achievement was scored nearly 5 months after Council of Ministers Chairman Pham Van Dong, on behalf of the people throughout the country, had come here to give a direct order for the construction site to block up the dam across Da River in phase 1 of its work. On that day, at the spot where the chairman stood to throw a rock into the river, which signaled the start of the blocking up, the dam was only 16 meters high. The dam has now reached the height of 43 meters. The width of the base toward the downstream end has grown to nearly 600 meters. A section of Da River that for millenniums had been flowing was stopped by layers of earth, rocks, clay, sand and concrete that got higher and higher everyday. The core of the dam that was made of clay to resist leakage was built to a height of 27 meters and a width of 50 meters. A man-made mountain -- the dam across the river -- has appeared and has been growing in height amidst the great landscape of mountains and rivers that have existed here for millenniums.

How proud the construction site might be, for under the conditions of a lack of materials and means, unstable power supply and difficult living, in the last 5 months, with assistance from technicians of the Soviet Union, it built the dam at the average monthly rate of over 500,000 cubic meters of earth, rocks, sand and pebbles, nearly 50 percent more than the monthly rate achieved in

the "90 days and nights preparing for blocking up Da River, phase one" campaign. That volume required drilling into and dynamiting nearly 300,000 cubic meters of rocks. Clearing the riverbed within the dam base area alone required dredging and removing 290,000 cubic meters of sand and pebbles.

What was the driving force that urged cadres and workers to work as hard as they did and not to be bothered by difficulties and hardship? Nguyen Van Binh, a BTS drilling machine operator, and a number of BelAZ truck drivers said: "For the sake of industrialization and the fatherland's power supply of tomorrow." The Son Tinh's (Vietnamese legendary figure) of the modern era also said that in spite of the recent heat waves, when the outside temperature at the work site was 40° C and the temperature in the driver's cabin was as much as 40-50°, they still took turns clinging to the job continuously as they were divided into 3 shifts and 4 teams. The pace of work really had the nature of an industrial undertaking. About drilling, dynamiting, shoveling, building and removing earth and rocks, the productivity of teams 1 and 2 was similar to that of teams 3 and 4; there was not much difference in terms of labor productivity between the day team and the night team, between the morning team and the afternoon team.

Another new occurrence that recently became evident: following the successful first phase of blocking up the river, more and more people volunteered to come to work in this communist youth work site. In the last 5 months, the number of workers increased by nearly 4,000, including many freshly-graduated engineers and raising the total number of cadres and workers at the work site in this period to 21,000, in which there were 900 engineers and MA's in several fields like construction, water conservancy, electrical engineering, mineralogy, machinery, etc. Some local units not only contributed labor but also brought along their own means, grain and food. In only a short time, Thai Binh, Hai Hung, Ha Nam Ninh and Ha Son Binh Provinces and the Municipality of Hanoi contributed labor to building nearly 8,000 square meters of housing for the work site so as to allow its workers to be free and to take care of building the dam and digging tunnels. The attachment in the worker-farmer alliance was beautifully expressed in this undertaking of the century. A district VCP committee secretary from a Mekong River delta rice-growing province had this to say at the end of his visit to the work site: "The additional grain our district has mobilized actually could feed the work site for only a few weeks. Only by coming here can one see the great potential progress of the land, and the fact is that our district's contributions are nothing at all."

When the convoy of BelAZ, "co-ra" and "ma-do" trucks dumped their loads of rocks onto the upstream side of the dam that reached the height of 43 meters, it was also the time the sun was about to set behind the mountains. The heat was still oppressive. Engineer Ngo Xuan Loc, general manager of the work site, told us about the work to be done in the coming months. When the flood

water is here, the water levels at the upstream and downstream ends of the dam will show a difference of about 10 meters. Water would still be flowing at a fast rate in the right-hand side canal. Consequently, as flood water arrives, water will be rising in the Red River delta. We should not neglect the dike-reinforcing and flood-preventing work there. Only when the dam also cuts across the right-hand side canal and measures 120 meters in height and 800 meters in width will the water of Da River collect in a reservoir upstream from the dam and partially flow through a network of tunnels to turn the power-generating turbines and then flow downstream. At that point in time, in the Red River delta, during the flood season the water level will be somewhat reduced. But to come to that point, in about 3-4 years, the work site will have to do a lot of work. For the construction of the hydroelectric power plant, an initial achievement opens up a lot of work, bigger work, in the next step. Therefore, in this third quarter and the following months, the "hot spots" of the work site still are to continue to build the dam at the required rate of progress and in accordance with the technical requirements, to step up drilling and to open more tunnels. The success in building the dam in accordance with the planning requirements and on schedule and ensuring flood control at the rate of 1 percent creates favorable conditions for the work site to see its strengths and weaknesses, to move toward overcoming difficulties and correcting shortcomings and to further step up its work.

5598

CSO: 4209/477

HEAVY INDUSTRY AND CONSTRUCTION

PRODUCTION OF RUBBER PRODUCTS INCREASED IN HANOI

Hanoi QUAN DOI NHAN DAN in Vietnamese 16 Jun 83 p 3

[Article by Hong Phoi and Ngo Huu: "The Hanoi Sao Vang Rubber Factory Produces Nearly 60 Percent of the Bicycle Tire and Inner Tube Output of the Entire Country"]

[Text] The Hanoi Sao Vang Rubber Factory (under the Chemical General Department) specializes in the production of tires and inner tubes for bicycles and automobiles, rubber spare parts and various types of rubber pipes for industry and agriculture.

In recent years, in order to meet domestic and export needs, the Hanoi Sao Vang Rubber Factory has reorganized its production, implemented a number of policies governing the management of labor and the payment of piecework wages, made investments in depth and intensified its research and application of scientific-technological advances in production; as a result, in 1981, it produced nearly 2.7 million bicycle inner tubes and nearly 2.2 million bicycle tires. In 1982, the factory produced 4,081,000 bicycle inner tubes and more than 3 million bicycle tires. In 1983, it is endeavoring to produce 5.2 million inner tubes and 4 million tires for bicycles. During the past 4 months, the factory, which has been trying to overcome every difficulty with supplies, raw materials and energy, produced 1,034,000 bicycle inner tubes and 1,104,000 bicycle tires, an increase of 212,000 inner tubes and 442,000 tires compared to the same period of time last year. At present, the factory is producing from 21,000 to 30,000 bicycle inner tubes and more than 15,000 bicycle tires each day. In addition to supporting export activities, the Hanoi Sao Van Rubber Factory produces more than 60 percent of the bicycle tires and nearly 60 percent of the bicycle inner tubes supplied to the cadres, manual workers, personnel and people of the entire country.

7809

CSO: 4209/465

HANOI PROFESSOR DENOUNCES AMERICAN DEFOLIANTS

Bangkok BANGKOK POST in English 3 Jul 83 p 9

[Article by Teresa Mannix]

[Text]

AT the Viet Duc Hospital in Hanoi, Professor Ton Duc Lang has for the past five years been monitoring the effects on patients he is treating of chemical defoliants used during the war.

Prof Lang has also gathered together a wealth of information from surveys done in other areas of Vietnam to support the contention that Vietnam should be compensated for the damage by the United States.

He presented his evidence on Thursday to Australian journalists visiting Hanoi with Foreign Minister Bill Hayden.

The Viet Duc Hospital is run jointly by Vietnamese and Germans. It is one of the largest hospitals in the city and, doubtless because of Prof Lang, appears to specialise in what are believed to be herbicide-related illnesses.

The building looks like many other buildings in the city. It is solid, it appears to be of French construction and it is painted in the almost mandatory colours of basic yellow with green trim. Like almost every other building, it is in need of a new coat of paint. The fittings, at least in the area where we were briefed, were well past their prime.

For the Vietnamese, the visit was an almost unprecedented opportunity to try to sell their argument to the world and perhaps win some sympathy at the same time.

Prof Lang, a small man, probably in his late fifties, attacked his task with passion and, at times, enthusiasm. Speaking in rapid and heavily-accented English, he explained his evidence accompanied by a series of often gruesome slides of the victims

of genetic defects caused, he said, by the massive quantities of 2,4,5-T sprayed on Vietnam.

He had found that cancer of the liver was one of the diseases which had increased in incidence since the war. Pointing toward a slide of an engorged, cancerous liver, he explained that the disease had increased fourfold since the defoliant spraying. He said he treated about 144 patients a year for cancer of the liver.

Genetic defects and chromosome mutations occurred in about five different forms, he said.

He gave details of a survey conducted in Thanh Phong village — an exposed area in the south — compared with a control group in Ho Chi Minh City which had not been exposed, and another exposed group in the city.

Victims

Of the village population, 6.49 per cent had been victims of birth abnormalities. Of the exposed Ho Chi Minh inhabitants, 16.33 per cent had suffered similarly, while only 2.58 per cent of the control group had been victims.

He described the differences as "very significant." Another study, involving a sample of hundreds of thousands, compared an exposed Group A with an unexposed Group B.

Of Group A, 64 per cent had genetic problems while the figure was 46 per cent for the second group.

Prof Lang said he had studied a

sample of 35,000 people, including 700 veterans, over a three-year period. Birth defects totalled 15 for both groups.

Another survey team had interviewed 1,142 veterans who had been exposed and 613 who were not exposed. Birth abnormalities were, respectively, 82 and 10 or 2.4 per cent and 0.46 per cent.

Another series of slides showed that "reproductive anomalies" were higher among the first children of veterans. They began at 20.44 per cent, tapering down to 7.6 per cent for a seventh child.

Prof Lang then proceeded with a photographic display of victims in his hospital and in hospitals in Ho Chin Minh City.

The first slide showed a small girl with a huge, bloated foot. A five-year-old girl who was about one-third of the size of a companion her own age was also presented as evidence.

A baby with a deformed head, no eyes, a cleft palate, a twisted nose and a crooked mouth was one of the worst cases.

Two blind sisters whose father had been a train driver in a heavily sprayed area were another example of congenital defects. Prof Lang explained, accompanied by a slide of a baby whose intestines had fallen out of its stomach, that an exposed abdomen was another congenital defect.

He said the next series of defects were of the type normally associated with the fertility drug Thalidomide.

However, Thalidomide had not been used in Vietnam, he said, and in any case the children had been born during the past three years.

Children with no arms, no legs or stumps for fingers were shown in quick succession.

A foetus with no head, a baby with

no legs, a brain outside its skull and no shoulders which he said had been born recently, another foetus consisting of two legs without any trunk, arms, legs or head was shown and yet another consisted solely of a foot.

Siamese twins had also been born at an abnormally high rate since the war. He gave a remarkable example of a baby with two heads at opposite ends of a single torso with two arms and two legs in between. The child was still alive in Vietnam and was now 18 months old.

If the presentation appeared gruesome, it was Prof Lang's intention to make his point, first with information, then as emotively as possible.

Example

When the gathering began to break up and to leave the room, he called them back because they had not yet seen his piece de resistance.

On a pedestal in a corner of the room stood an object draped in a white sheet. He stood next to it and declared that nobody could leave until they had seen it. Unveiled it's proven to be a large glass jar containing a baby. He announced to the one journalist who cared to listen that the child had been born in his hospital last month. It was, he said, a good example of gross deformities, having no legs, no eyes, a deformed head and a cleft palate.

Prof Lang said he was currently treating 150 cases of birth deformities.

According to literature distributed at the demonstration, the United States sprayed about 72 million litres of herbicides over 1.7 million hectares of Vietnam. — Canberra Times